

International Workshop

SHAPING THE FUTURE IN MOLDOVA: Civil society's questions and answers in the light of European integration and of a challenging neighbourhood

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Context: Moldova's European perspective and regional developments

The victory of the united pro-European opposition and the breaking of the constitutional deadlock since 2009 have given the poorest post-Soviet republic in Europe the status of a relative prodigy. Despite the fragility of political stability and economic reforms, the European Union has decided to give Chişinău the benefit of the doubt. The Association Agreement between the Republic of Moldova and the EU was signed on June 27th, 2014 and ratified by the Moldovan Parliament on July 2nd. The Association Agreement and the introduction of visa-free travel in April 2014 are to cement the pro-European course of the

Moldovan government and sway public opinion in the dilemma of double political and economic dependency on both Brussels and Moscow.



The Ukrainian crisis, partly a consequence of the same upgrading of Eastern Partnership's offer to Kiev, Tbilisi and Chişinău, has changed the parameters of Moldova's domestic and international position completely. The more assertive Russian foreign policy has direct repercussions for Moldova: the unassuaged use of energy resources for political leverage as well as bans on Moldovan wine and other agricultural

products on the indispensable Russian market. The message to Chişinău is to drive home the price to be paid for a pro-European re-orientation.

The re-integration of the Crimea and the active, barely concealed support by Moscow for separatists in Ukraine and Georgia has reinvigorated Transnistrian separatism and stirred Gagauzian politics. The blueprints of Sevastopol and Donetsk have brought the hardliners to the fore again in Tiraspol, with independence and joining Russia as realistic scenarios for the near future.

In domestic politics, the dire socio-economic situation and the tangible costs of alienating the mighty Eastern neighbour and rejecting his offer of a Eurasian Customs Union have caused many Moldovan voters to place their trust in the Communist Party again. The November 2014 parliamentary elections might put an end to any pro-European endeavours and jeopardise the recently ratified Deep and Comprehensive Free Trade Agreement (DCFTA).

The Berlin workshop in July 2014 addressed several entangled and urgent strategic issues under Chatham House rules, exploring domestic and regional options beyond a geopolitical polarisation Europe vs. Russia. Such a polarisation is bound to exacerbate the domestic vulnerabilities of Moldova and weaken the EU's position in the Eastern neighbourhood. The entangled issues include: Russia's grand strategy for the region and its impact on existing local autonomies and separatist strivings as well as the EU's dilemma of supporting reform-oriented and pro-European forces in Chişinău without heightening regional tensions or forsaking conditionalities.

Panel 1. Domestic state of affairs and reform needs for Moldova – judiciary, economy, social affairs

Contributors to the session sketched out the array of reforms required for the meaningful participation in the European integration process: enhancing the independence and effectiveness of the judiciary; improving competitiveness by establishing a transparent and reliable framework for business, including improving training and education; redirecting social expenditure towards the actual and most pressing societal needs.



Despite this reform consensus, it remained unclear how far participants' views converged or differed on the scope and depth of the entailing changes and the sequencing and particular manner of specific reforms. The declaratory approach regarding reforms for the integration into the European common market and other areas of EU policy has been a characteristic feature of the early stages of the process also

elsewhere. It serves to affirm a common basis for the European process in the country but lacks political commitment, yet fuels internal political antagonisms. It points to a normative view of politics and a zero-sum-game political attitude. Hence, qualitative aspects and reasons for the EU's suggestions for reform, i.e. improving the living conditions and enabling cooperation of countries within the EU on equitable basis, are not appreciated and considered adequately.

These internal discussions barely conceal the fact there is no solid common ground for a shared vision of the country's future, the nature of the state and its *finalité politique*. The limited understanding of EU negotiation practice, for instance in the area of trade, in conjunction with a disputed legitimacy of the government by the opposition in a highly antagonised political environment, has the potential to derail also future processes. The position of the country needs to be established in advance through broad political dialogue as part of the domestic political process, in particular through Parliament and other consultative mechanisms. In this vein, participants agreed that more information about the EU process and its peculiarities should be provided and that learning from countries advanced in the process would be useful.

The European Union itself, however, has been acutely reminded of the fact that its offers to neighbouring countries may have geopolitical implications. This led to the observation that

the EU itself is learning through the process of Eastern partnership not only about its specific geopolitical significance and impact, but also how little the functional logic of the integration process has been comprehended and internalised by partners in Moldova.

In sum, it was noted that security sector and data management reforms helped to achieve a visa-waiver decision for the EU Schengen and associated countries, which in turn facilitates business and people to people contacts. The DCFTA offers substantial potential for Moldova to tap into a market of more than 500 million consumers with high purchasing power and the chance for Moldovan products to develop higher standards. These silver linings could help to encourage further reforms. Reforms are necessary to improve the livelihoods of many Moldovan citizens. Experience has shown that the EU perspective can act as a successful driver of reforms. Further reforms will be also dependent on the development of an EU membership perspective, which could in turn render the European integration of Moldova truly “irreversible”.

**Panel 2. Moldova - between European and Eurasian integration?
Options, constraints and concerns**

On 2 July 2014 the Moldovan Parliament ratified the Association Agreement (AA) with the EU with 59 to 4 votes. The Communist Party, the largest political group in parliament, chose to abstain from voting for or against the AA.

At the moment, the EU accounts for about half of Moldova's trade volume, Ukraine for another 15 per cent and Russia for 12 per cent. In mutual trading relationships, energy resources are by far the most important export product in the Eurasian Customs Union. With these figures in mind several participants underlined that the decision to either join the Eurasian Union or the EU's DCFTA is not only an economic but also a political one. It was noted that it is of paramount importance to demonstrate that the Association Agreement is not against the interests of the Russian Federation.



Participants stressed that while the DCFTA will create more opportunities for producers and exporters, this however is not without challenges. The decision of the EU in 2013 to liberalize the market for Moldovan wines, for instance, has not resulted in a sizable increase in exports. The competitive European market requires marketing strategies, modern

industrial standards and guaranteed quality and production. A recent experts' report estimates that the DCFTA would in a longer term result in a GDP increase of 6 per cent and up exports by 11 percent, imports by 6 per cent.

Conversely, the Eurasian Customs Union comes with a promised 30 per cent price reduction for gas. Because of the Russian custom tariffs, the net result for Moldova would be delegating sovereignty in customs policies to Russia and the Eurasian Union; imports becoming more expensive and losing the current autonomic trade preferences with the European Union. The same experts' report has calculated a decrease of the exports of some 9 per cent. All this will have negative effects on investment, consumption and tax revenues.

Apart from the AA and DCFTA, the EU has failed to provide Moldova with an explicit objective for reforms, i.e. an EU membership perspective. Such a perspective is essential to garner stable support in society and politics for necessary reforms. The DCFTA does not bring immediate positive changes for the majority of the people. The DCFTA, however, opens to every country the possibility to have free trade agreements with other countries, while a Customs Union is a closed organization. In Moldova even the most pro-European politicians admit that Moldova is highly dependent on the Russian market. The high dependency includes remittances from migrant workers. In particular the Gagauz would suffer severe consequences, as from almost every family at least one person works in Russia.



Adherents of the government's policies and supporters of the opposition discussed the causes and implication of the marked decrease in support for EU integration, as indicated by surveys: a drop of 19 per cent since 2009. In addition, citizens' trust in state institutions has also dropped over the past five years. Obviously, reforms have to deliver substantial changes that alter the life of ordinary people when it comes to

judiciary, anti-corruption, education and health. It is important to demonstrate that the EU rapprochement is a development project that will work for everybody in Moldova – including the Gagauz and the Transnistrian region.

Transnistria is part of Moldova's choice between European and Russian options. Transnistrian authorities requested on 17 March 2014 to become part of the Russian Federation. Relations between Chişinău and Tiraspol have deteriorated over the last two

years when it comes to European integration, the DCFTA and Eurasian Customs Union which Tiraspol would like to join. Large parts of the Gagauz people too are categorically against the AA, as they fear it might lead to new restrictions in particular for their products on the Russian market and to a possible backlash for labor migration to Russia.

Panel 3. Civil society, citizens, politics and the integrity of the state

The integrity of the state has become an issue in Moldova in the process of getting closer to the EU. While many people in the country celebrated the signing and ratification of the AA between the Republic of Moldova and the EU, these developments touched the raw nerve of ethnical minorities of the country, including Russians, Gagauz, and Bulgarians, which have been displaying an increasingly radical pro-Russian and anti-European rhetoric.



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On 2 February 2014 in a referendum deemed illegal by Chişinău, the vast majority of the population in Gagauzia favored the Customs Union with Russia, Belorussia and Kazakhstan over EU integration and voted to leave Moldova in case the latter loses its independence. Desperate separatism is regarded by some participants in the workshop as an attempt to capture the attention of the central

government in Chişinău, which is rather reluctant to address the problems of the autonomous region of Gagauzia. Dissatisfaction in the autonomous region is explained as having to do less with geopolitics and more with local economics and non-involvement of the regional authorities in the decision-making process, like for instance in the decisions related to the EU or the education reform. The Gagauz authorities are also displeased with the fact that the region has received insufficient funds from the central budget for the infrastructure development projects. The central authorities have been criticized for having failed to develop an efficient dialogue with the Gagauz authorities and for having no strategy for settling the disputes between the local and central authorities.

The Moldovan authorities are making slow progress in involving the national minorities into the mainstream politics. The monolingual education and failure by the central authorities to develop a meaningful linguistic policy, are preventing the national minorities

from getting more actively involved into the social and public life of the Moldovan society, thus limiting their activities to the village level. The Republic of Moldova has also failed to provide access to education in more languages in the newly developed Education Code, which runs contrary to the Constitution of the Republic of Moldova.

Decentralization policy seems to be another problem that hinders the integration of the national minorities into the mainstream politics. The broadly discussed decentralization policy is of Soviet type, containing just few elements of decentralization. For instance, there is no progress yet in the fiscal decentralization, an issue that has been discussed for more than one and a half years without any tangible results.



The anti-European sentiment of the Gagauz people is caused by the massive propaganda conducted by the pro-Russian parties and the mass media in the region. This happened against the backdrop of failure of the central authorities to develop a communication strategy concerning European integration. This problem is getting

even more complicated given the language problem, as the majority of the Gagauz people does not speak Romanian.

The representatives of the Transnistrian region in the workshop have also reported problems with the lack of information related to the EU and the European integration processes. They criticized the EU for having no concept or strategy as to how to bring the EU closer to the Transnistrian population. The mistrust on the part of the Transnistrian side is regarded as being caused by the lack of policy of EU on Transnistria, lack of understanding and mutual actions. On the other hand, the civil society organizations in the region are active mainly in social and youth issues. A survey conducted in December 2013 has revealed that only one out of 22 Transnistrian NGOs is dealing with the European integration issues. Conversely, in Moldova a large number of active NGOs and reliable media institutions aim at consolidating the European integration and democratic

development of the country, and informing the citizens about the European values, the economic, social, democratic and political benefits of the integration.

As to the dialogue between the governmental and non-governmental stakeholders in the Republic of Moldova, there are several platforms to ensure the cooperation between the authorities and the civil society. The process is not always smooth, as it is frequently influenced by various interests of the ruling parties. For instance, the government has not been receptive to the recommendations of the civil society in such sensitive areas as the public finance of political parties, promotion of tobacco control policies, transparency of ownership in the mass media etc. However, about half of public policy recommendations made by the National Participation Council is taken into consideration by the government.

The European issue polarizes Moldovan politics. The political forces in power are promoting the European integration while the left-wing opposition is insisting on the integration into the Customs Union and a closer proximity to Russia. This confrontation is frequently accompanied by various methods of manipulation and misinforming, which has made many victims among the Moldovan population and especially among the representatives of the national minorities. The Russian TV channels, which are re-broadcasted in Moldova, play an important role in demonizing the EU and spreading myths about the European integration as a strategy of linguistic assimilation, anti-religious repression or economic exploitation. For these reasons, it is extremely important that mass media disseminate accurate and objective information about the European integration process and the AA, reaching out to the national minorities and all communities in the country.

Panel 4. The future of Moldova

The relationship between the Republic of Moldova and the Russian Federation were in the main focus of this final panel. As concerns the Moldovan side, the interests are quite clearly defined: Different from the disputed perception of the AA and DCFTA, political forces on the right bank share the view that the territorial integrity of Moldova should be preserved and a “Crimean scenario” avoided. Government officials in Chişinău call for a “rational approach” in relations with Russia. Optimists there expect a normalization of bilateral relations, with cooperation prevailing over confrontation. Moldova should pursue its own interests and at the same time preserve good relations with Russia, as one official from Chişinău said. Yet, Moldova has many risks and weaknesses, and these have to be handled with utmost care.

In Transnistria, three quarters of the population shares the political leadership's preference for joining the Russian Federation. Tiraspol has recently applied both for accession to the Russian Federation and recognition of independence at the UN.

What is Russia's interest in Moldova remains an open question. Annexation of the left bank or even recognition of Transnistrian independence apparently is not on the agenda at the moment in Moscow. Probably, Moscow prefers to keep Moldova and its territorial questions in limbo for an indefinite period instead. This would enable the Russians to hamper the smooth functioning of the EU-Moldova agreements. Russia's leverage in Tiraspol, apart from political and ideological support, mostly consists of economic dependency and military presence. Moscow also uses soft power via social support and investments.



Photo from the left: Matthias **Jobelius**, Friedrich Ebert Stiftung / Vladimir **Yastrebnchak**, Lecturer at the Transnistrian State University, Tiraspol / Iulian **Groza**, Vice-Minister of Foreign Affairs and European Integration of the Republic of Moldova / Gernot **Erlner**, MP, President SOG, Coordinator for Intersocietal Cooperation with Russia, Central Asia and the Eastern Partnership Countries, German Federal Foreign Office, Berlin / Igor **Corman**, President of the Parliament of the Republic of Moldova

How to change minds in Tiraspol is the pivotal question for a possible solution of territorial disputes in Moldova. Any strategy to this end would have to tackle the huge economic problems of this region. According to estimates, one half of the officially 500.000

inhabitants have already emigrated. An urgent solution is needed for guaranteeing Tiraspol preferential trade, as the current agreement is running out by the end of 2015. The challenge is to make the Association Agreement work for all parts of Moldova, including Transnistria and Gagauzia. Before Tiraspol can benefit from AA and DCFTA, a lot of technical work and a rational dialogue will be needed. The format of the 5+2 negotiations cannot produce any solutions if the negotiating parties are not willing to compromise. As for Gagauzia, the government in Chişinău is reportedly preparing a large development package, soon to be implemented. Moreover, talks have been launched between the Moldovan government and the Gagauz Peoples' Council for a new definition of the autonomous status. With a lot of optimism, participants from the right bank invest their hope in the EU opening their door for membership, creating a new environment with new incentives for Tiraspol and Gagauzia.

Another strategy in order to mitigate the separatist mood on the left bank is confidence building. Already, eleven bi-lateral working groups are working under the auspices of the OSCE on issues like health, education, social security and trade. The OSCE has launched an NGO forum this year to supporting the few functional and fledgling civil society organizations trying to explain the European agenda, also on the left bank.

RECOMMENDATIONS

For the Moldovan government:

- ✓ Improve dialogue and cooperation with the ethnical minorities, involving them more actively in the political decision-making process, but also in public debates on European integration. Both require practical initiatives such as Romanian language learning programmes for the national minorities; information channels for the Russian speaking population; a communication strategy by the EU on the European integration processes in Transnistria; large informational events such as Europe Day in Transnistria on a regular basis; and more “European Centres” hosted by Transnistrian NGOs.
- ✓ As for Gagauzia, the government in Chişinău should implement a development package without delay. A new definition of the autonomous status should be seriously considered.
- ✓ For all of Moldova, countering polarisation over the EU issue requires measures such as the launch of open public debates on the pros and cons of the European integration; new instruments for public awareness campaigns (e.g. internet platforms, social media).

- ✓ Moldova needs to strengthen the trust of ordinary people in the main state institutions of the country and improve functionality of state institutions as such.

For the European Union:

- ✓ Moldova has to have a tangible objective to muster the domestic support and political will needed for a reform trajectory, at the very least the implied perspective of future EU membership. Hence Moldova needs strong support from outside, in particular from EU member states and a more active media presence on the part of the EU in Moldova.
- ✓ The EU and the Moldovan government should raise awareness in Transnistria that participating in AA and DCFTA offers sizable benefits. This requires a political dialogue outside of the 5+2 format.
- ✓ Negotiations with Russia as to how the two economic spaces – the EU and the Eurasian Union - might coexist for the countries of the region and Moldova in particular.
- ✓ The EU and Moldova should develop a strategy to cope with the consequences and avoid high unemployment and social unrest if Moldovan workers were to be withdrawn from the Russian labor market. EU projects for tackling unemployment similar to those in the South of Europe should be considered for Moldova. This pressing issue should not only be negotiated between Moldova and Russia, but should also be part of EU-Russian talks.

END