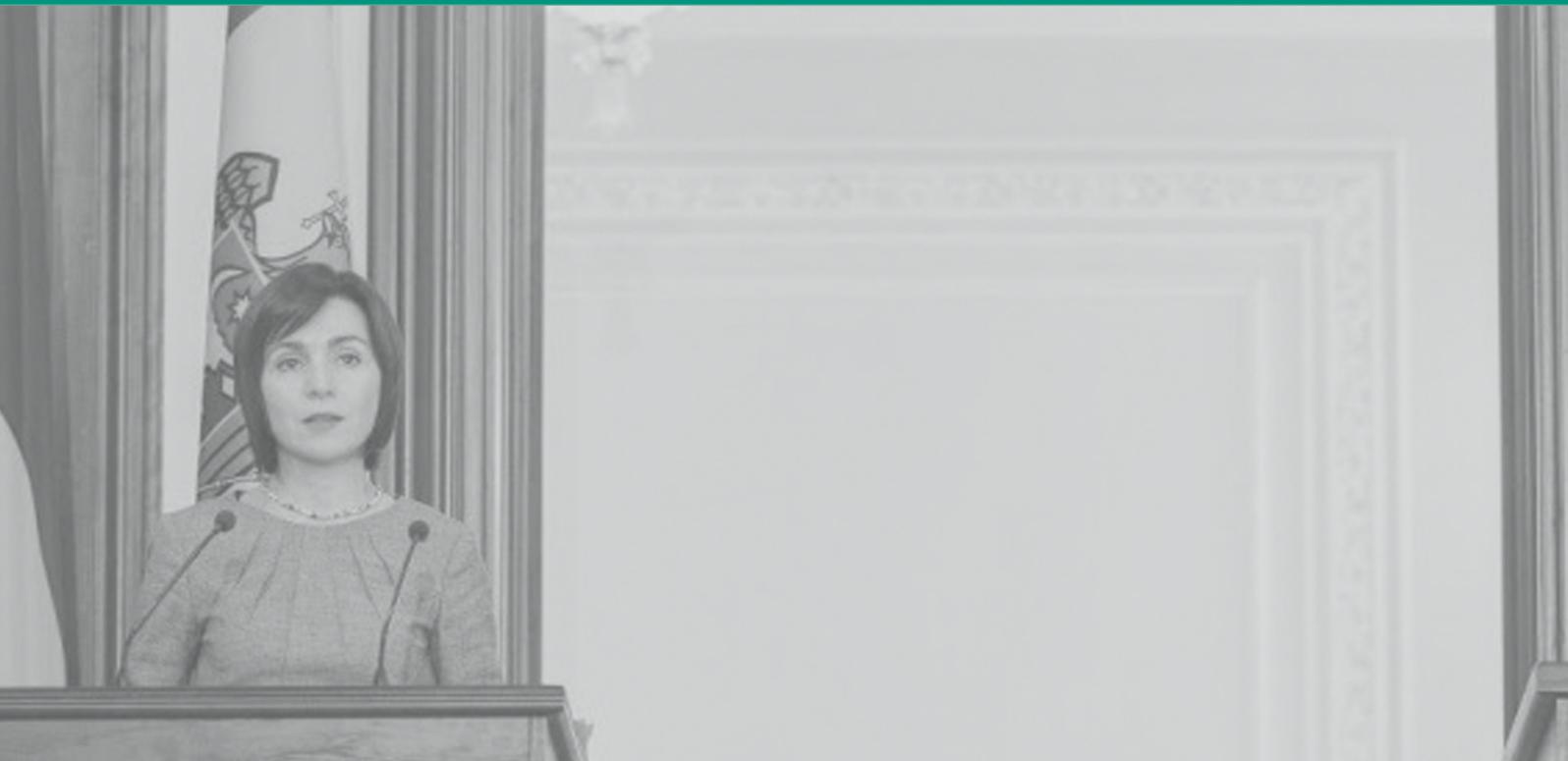


# SOUTHEASTEUROPE

## in Focus

No. 03/2020



## Moldova

### Taking Stock after a Turbulent Year

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## Abbreviations

<b>AA</b> – Association Agreement	<b>SIS</b> – Information and Security Service of the Republic of Moldova
<b>ACUM</b> – Alliance between the Party of Action and Solidarity and the Dignity and Truth Platform Party	<b>SPPS</b> – State Protection and Guard Service of Moldova
<b>AEO</b> – Authorised Economic Operator	<b>TSO</b> – Transmission System Operator
<b>AIE</b> – Alliance for European Integration	<b>UPS</b> – United Power System
<b>ATU</b> – Administrative Territorial Unit	
<b>CCRM</b> – Constitutional Court of the Republic of Moldova	
<b>CEC</b> – Central Electoral Commission	
<b>CIS</b> – Commonwealth of Independent States	
<b>CNA</b> – National Anticorruption Center	
<b>CSJ</b> – Supreme Court of Justice	
<b>CSM</b> – Supreme Court of Magistrates	
<b>CSP</b> – Prosecutors’ Council	
<b>DCFTA</b> – Deep and Comprehensive Free Trade Area	
<b>EBRD</b> – European Bank for Reconstruction and Development	
<b>EIB</b> – European Investment Bank	
<b>GMS</b> – Gas Measurement Station	
<b>IFMP</b> – Integrated File Management Program	
<b>MP</b> – Member of Parliament	
<b>NBS</b> – National Statistics Bureau	
<b>PAS</b> – Party of Action and Solidarity	
<b>PCRM</b> – Party of Communists of the Republic of Moldova	
<b>PDM</b> – Democratic Party of Moldova	
<b>PL</b> – Liberal Party	
<b>PLDM</b> – Liberal Democratic Party of Moldova	
<b>PPCD</b> – Christian-Democratic People’s Party	
<b>PPDA</b> – Dignity and Truth Platform Party	
<b>PPEM</b> – European People’s Party of Moldova	
<b>PN</b> – Our Party	
<b>PPR</b> – Republican People’s Party	
<b>PSRM</b> – Party of Socialists of the Republic of Moldova	
<b>SCM</b> – Superior Council of Magistracy	
<b>SCP</b> – Superior Council of Prosecutors	

## CURRENT POLITICS IN MOLDOVA

### The Republic of Moldova: from a 'success story' to the brink of authoritarianism. An internal and external country guideline in nine steps

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**Abstract:** The year 2019 was probably the most turbulent and richest from the last ten years in terms of internal political events in Moldova. The parliamentary elections held in February changed the political situation in the country. It was the year when two political camps with totally different visions – the pro-Eastern Socialists Party (PSRM) and the pro-Western Bloc ACUM (composed of the Party of Action and Solidarity, PAS and the Dignity and Truth Platform Party, PPDA) – created an '(im)possible alliance' with the objective to remove under the leadership of Maia Sandu 'the oligarchic regime of the Democratic Party (PDM)' from power.<sup>1</sup> However, just five months after the alliance was formed – in November – the Socialists overplayed politically ACUM by triggering the resignation of the Sandu Government through a motion of no confidence in Parliament. A motion voted by the PDM, which practically meant the remake of the 'tacit alliance' between Socialists and Democrats, existing until February 2019. In just two days, the PSRM and the PDM installed a new 'technocratic government', led by President Igor Dodon's former advisor Ion Chicu. All this turmoil, political coups, a political alliance with a lifespan of less than six months, and dismissals of governments have confirmed once again that the history of internal politics has returned to where it has started, that is the 1990s. The purpose of this paper is a tentative attempt to put down some elements and events that have left a mark on Moldova, with the focus on the post-2001 period and in particular on the post-2014 period. I try to frame this history in three directions: the internal political scene; preferences and external orientation of political actors and how they speculated with the external factor to gain political capital; and the elements related to the (re)integration of the country, based on 'one frozen conflict' and a region which can become a 'time bomb' for shaking the domestic situation of the country.

#### The Republic of Moldova: from a 'success story' to the brink of authoritarianism

The political history of the Republic of Moldova over the past 18 years can be described as one developing in 'waves', each lasting approx. 9 years. During this time, the 'left' and 'right' parties would alternate in government. It is to be clear from the start, that the 'left' and 'right' in Moldovan politics shall not be understood in their classical sense (ideologically speaking), but rather in the sense of 'geopolitical orientation' exclusively. Thus, the 'leftist' doctrine is associated with/or patented by pro-East political parties, who advocate for the eastern vector and tight relations with the Russian Federation (for ex. the Communists' Party – PCRM, or the Socialists' Party – PSRM), whereas the 'right' one is linked to parties with pro-Western orientation, supporting the European integration vector of the country (e.g. Liberal-Democrat Party – PLDM; Democratic Party – PDM;

Liberal Party – PL; Party of Action and Solidarity – PAS; The Dignity and Truth Platform Party – PPDA).

During 2001-2010, the political power in Moldova was in the hands of PCRM, which in the first phase (2001-2004) led a 'left-wing' policy with a pro-East orientation and in the second phase (2005-2009) slightly changed the accents and mimicked the 'pro-West' orientation. This fluctuation and uncertainty as to the clear direction – also, the concentration of power and an almost authoritarian regime imposed by Vladimir Voronin, the communist leader – contributed to the beginning of PCRM's decreasing popularity, the loss of power in 2010 and practically, to the slow disappearance of this party from the political scene at the beginning of 2019. The PCRM's governance period is marked by 'communism' just nominally (faked communism), with symbolism and name of this party playing a decisive role in its popularity in the society.

In April 2009, the PCRM won the elections, but failed to find the 'golden vote' (the 61-st) to secure also the

<sup>1</sup> *Cotidianul, Maia Sandu*, la Bruxelles: Vrem ca în Republica Moldova să nu mai existe „putere oligarhică” [Maia Sandu, in Brussels: We want no "oligarchic power" in the Republic of Moldova], 24 July 2019, <https://cotidianul.md/2019/07/24/maia-sandu-la-bruxelles-vrem-ca-in-republica-moldova-sa-nu-mai-existe-putere-oligarhica/>.

presidential seat (until 2016, the president of the country was elected by Parliament). Immediately after the elections on 5 April 2009, the so-called „Twitter Revolution” happened, resulting in massive protests, at least four people killed, and other hundreds of people beaten by police forces. This fact triggered the snap parliamentary elections in November 2010, which have propelled three new political parties to the political scene (PLDM, PL and the Democratic Party from Moldova, PDM), that formed the Alliance for European Integration (AIE). In January 2011, the three parties, holding 59 mandates in the Parliament elected Vlad Filat, leader of PLDM as prime minister, so the left-wing government was replaced by the new right-wing of the three parties.

The next political period of nine years – 2010-2018/2019 – was dominated by the governing of these ‘right-wing’ parties. This period though could also be divided in two stages. The first one covers 2010-2015 and is marked by the fight of the three ‘right-wing’ parties for primacy – in fact, it was a struggle between PLDM and PDM, and PL was used almost always either by PLDM or PDM to strengthen their positions or to weaken the power of the ‘competitor’ party. Media has classified this fight as the clash of the ‘two Vlad’s’: Vlad Filat, leader of the PLDM and Vlad Plahotniuc, leader of the PDM. This would culminate in the dismissal of the Filat Government in March 2013 and later in Plahotniuc’s decision to give up his MP mandate in October 2013. Externally, this was the time when the Republic of Moldova was viewed as a ‘success story’<sup>1</sup> – an illusion, as proven later – in the process of democratization of society and implementation of reforms which ended up with the signing and ratification of the Republic of Moldova – EU Association Agreement in June 2014. This was a five-year period, which can be regarded as a kind of ‘forced democracy’, rather pushed by the external partners of the country.

The second period of ‘right-wing’ governance begins with the parliamentary elections in November 2014, when a new player entered the political scene – PSRM –, occupying the left electorate, a niche left by the PCRM. In just 3 years after being taken over by Zinaida Greceanii and Igor Dodon (former members of PCRM),

this party would win right from the first elections the largest number of mandates in the Parliament (25), followed by PLDM with 23, PCRM with 21, PDM with 19 and PL with 13 mandates. But on the eve of elections, also in November 2014, something which would be later called the ‘bank fraud scandal’ came to light, when 1 billion USD – the equivalent of a 1/8 of the country’s GDP – was stolen from the state-owned bank ‘Banca de Economii’ and two other private banks. The so-called ‘billion dollar theft’ affair<sup>2</sup> will hit the economy of the country and triggered massive protests in February 2015, led also to the emergence of new civic movements ‘Dignity and Truth’ Platform – subsequently turned into a political party PPDA, led by Andrei Năstase; to the waiving of parliamentary immunity of former prime minister Vlad Filat in October 2015 and his sentencing to 9 years in prison in June 2016; and was also eventually one of the catalysts for launching a new right-wing party – Party of Action and Solidarity with Maia Sandu, as its leader, and former minister of education in Filat Government.

Between November 2014–January 2016 – because of frictions between PLDM and PDM – Moldova’s government changed at least four times (including 2 interim ones). All of these were initially supported by all three parties – PLDM, PDM and PL –, but subsequently, in October 2015, after the ‘political beheading of’ of the PLDM and the arrest of Filat, PDM started to monopolize the political power and install its control over state institutions. The monopolization of power by PDM started with the creation of a Social – Democrat Platform for Moldova which was joined by 22 MPs of PCRM and PLDM in December 2015.

At the beginning of 2016, the newly formed parliamentary majority nominated PDM leader Vlad Plahotniuc to the position of prime minister, however president Nicolae Timofti, declined to sign the decree appointing Plahotniuc as head of the Government under the pressure of street protests organised by the civil society and opposition parties. Later, the formed parliamentary majority proposed Pavel Filip, deputy chair of PDM to the position of prime-minister. He was elected with the votes of PDM and PL MPs, and thus, de facto, a new government coalition was established made up of these two parties. However, the PDM-PL

<sup>1</sup> *Jakub Benedyczak, Leonid Litra, Krzysztof Mrozek*, Moldova’s success story The visa-free regime with the EU one year on, May 2015, Warsaw/Kyiv, available in English at <http://www.batory.org.pl/upload/files/Programy%20operacyjne%20twarda%20Europa/Moldova%20success%20story%20-%20policy%20paper%20-%20SFB%20IWP.pdf>.

<sup>2</sup> *Mariana Rață, Victoria Dodon*, „50 shadows“ of the billion dollar theft cases, January 2018, available in English at

[https://anticoruptie.md/en/investigations/justice/50-shadows-of-the-billion-dollar-theft-cases; Dumitru Alaiba, „Too Big to Jail”? Four years of inaction in the investigation of Moldovan financial crimes, April 2018, Chisinau, https://www.soros.md/files/publications/documents/Banking%20Sector.Alaiba.pdf](https://anticoruptie.md/en/investigations/justice/50-shadows-of-the-billion-dollar-theft-cases;DumitruAlaiba,„TooBigtoJail”?FouryearsofinactionintheinvestigationofMoldovanfinancialcrimes, April 2018, Chisinau, https://www.soros.md/files/publications/documents/Banking%20Sector.Alaiba.pdf).

coalition lasted only 16 months – until May 2017 –, PL being replaced by PDM with a new faction of European People’s Party (PPEM), a party founded meanwhile by Iurie Leanca in March 2015. So, at the beginning of 2017, in just two years from parliamentary elections in November 2014, PDM has managed to take over control of Government and Parliament where it has increased its parliamentary faction from 19 to 41 MPs, and, also controlling other 10 MPs, securing, thus for itself a functional parliamentary majority.<sup>3</sup>

If the parliamentary elections in November 2014 placed pro-Russian PSRM on the political map of the country, then the presidential elections in October-November 2016 boosted the visibility and consolidated the popularity of this party. It was for the first time since 2000 that direct presidential elections were organised, which were won by PSRM leader Igor Dodon with around 52 percent of the ballots against around 48 percent for Maia Sandu, leader of PAS. Igor Dodon’s victory was ensured and supported directly and indirectly by PDM, especially by the leader of this party, oligarch Vlad Plahotniuc. This support was apparent in several elements:

- a) the presidential campaign was the dirtiest one in Moldovan political history ever, marked by partisanship, divisiveness, and personal attacks against Maia Sandu, done in an orchestrated way by media outlets owned by Plahotniuc and those close to PSRM<sup>4</sup>; and
- b) the withdrawal of PDM candidate Marian Lupu just three days before the elections and Plahotniuc declaring open support to Maia Sandu, described by many experts as a “Judas kiss” harming rather than helping Sandu, given Plahotniuc’s unpopularity.

Monopolization of executive and legislative power by PDM and creation of a ‘facade democracy’ by the oligarch Vlad Plahotniuc, resulted in new parties appearing on Moldova’s political scene: in February 2015 ‘Our Party’ (PN) was established, with Renato Usatii elected as the leader; in December 2015 PPDA was founded, led by Andrei Năstase; in May 2016 PAS, headed by Maia Sandu was created. The advent of some parties across the political spectrum, both – ‘left’ and ‘right’ – has pushed PDM and PSRM towards some kind of ‘tacit agreement’. The ‘agreement’ largely based on mimicking a ‘geopolitical fight’ – with PDM and Plahotniuc expressing a pro-Western external orientation and ‘monopolizing the pro-EU agenda’,

and PSRM and Igor Dodon expressing a pro-Russian and Eastern sympathies. This false agenda aimed at shadowing the opposition parties protests and activities and eclipsing real problems faced by society such as poverty, corruption, migration, unemployment, as well as the most important issue, the ‘billion-dollar theft’. The important thing in this case was that PSRM learned the lesson of former ‘coalition partners’ of PDM (PLDM, PL, PPEM) – who, after agreeing on a direct alliance, were used and later disappeared from the country’s political scene – and has avoided a direct alliance with this party.

**Observation.** Concentration of absolute power – even through intermediaries – by a party from Moldova, or a politician usually leads, sooner or later, either to slow disappearance of the party from the political scene, or to the sentencing of its leader to ‘political death’. First of all, this is because those who monopolize and concentrate power in their hands, use it strictly for personal gain and not for the sake of delivering reforms or developing the country. Secondly, the Moldovan society is characterized by a social paradox: on the one hand, Moldovans have always longed for a single political entity, whether it be a political party or a politician. On the other hand, the voters put up with this concentration or monopolization of power for maximum two mandates in a row and if their lives haven’t changed for the better, they no longer cast their votes for them. In other words, the magic of the ‘iron hand’ in the case of a certain political party or politician lasts only until the moment when citizens realize they were bamboozled and turn their backs on them at the elections (parliamentary elections in February 2019), or tumble them via protest actions (year 2009). Thirdly, monopolization and concentration of power in the hands of one party, as shown by history, leads usually to internal dissents and problems in the party over power, positions and influence.

### Playing the electoral systems or how PDM ‘shot themselves in the foot’

Over the last 10 years, the intention of modifying the electoral system – from proportional to a constituency-based or mixed one — was taken over and promoted by several parties. Since 2012, a number of draft laws on the modification of the electoral system were developed and registered. All of

<sup>3</sup> PDM within 2012-2016 was a kind of „political Cronos”, who has practically sentenced some parties to political death, after it has used the latter to achieve its political goals.

<sup>4</sup> Freedom House, 2018 Nations in Transit: Moldova, available in English at <https://freedomhouse.org/report/nations-transit/2018/moldova>.

them aimed to introduce the uninominal constituencies, either in whole (majority system) or in part (mixed system).<sup>5</sup>

The idea of changing the electoral system concerning parliamentary elections was most of the time a populist one. The main rhetoric on behalf of parties promoting it was their ‘belief’ that the shift from a proportional to uninominal or mixed system would mean an MP getting closer to citizens and thus making the MPs more accountable. Another finding in this respect is that the idea of changing the electoral system was supported, usually by the party or parties in power, a fact which can be considered as their means and/or instrument, which once adopted would allow them to further maintain and concentrate their power.

Until 2017, the modification of the electoral system was not possible. The main reason for this being that the party/parties initiating or promoting hugely this idea did not have a parliamentary majority to make this amendment. At the beginning of 2017, though, both PDM and PSRM much desired this modification and reached an agreement in this respect, using an ‘orchestrated play’, called by some experts a ‘political cartel deal’.<sup>6</sup> In this respect, in March, PDM submitted a draft bill to parliament to change the proportional electoral system into a majoritarian one, arguing that the reform ‘will reduce political corruption, create stronger connections between voters and policymakers, and restore citizens’ trust in politicians’. The initiative was heavily promoted in a nationwide information campaign supported by a PDM-owned media holding, which, in numerous cases, manipulated facts and opinions to support the change. A month later – in April – PSRM registered its own draft bill on introducing a mixed electoral system. At the beginning of May, without notifying the government and parliamentary commissions, and despite a pending Venice Commission impact assessment and opinion, both parties voted the majoritarian and mixed electoral system bills in their first reading. The same day, the bills were merged into one, with PSRM’s bill

forming the basis of the new legislation. The ‘tacit agreement’ between these two parties for adopting a mixed electoral system was, also, acknowledged in a study by Transparency Moldova, which showed that the PSRM bill was 90 percent identical with that of the PDM. So, the idea of a mixed electoral system was agreed on by these two parties from the very beginning, and everything that followed was just a well-orchestrated game to create confusion and mimic a sort of political fight between them. In June, the Venice Commission issued its assessment, criticizing the law. It noted, following public consultations with all relevant stakeholders, that the proposed reform cannot be considered as adopted via broad consensus and concluded that, due to a ‘lack of consensus on this polarizing issue, such a fundamental change, while a sovereign prerogative of the country, is not advisable at this time’.<sup>7</sup> Despite this, in July, the Parliament adopted it with 74 votes from PDM, PSRM, and the European People’s parliamentary group.

The reason behind the logic of PDM on lobbying and adopting the new electoral system lay in the fact that by 2017 this party installed the control on the local authorities/governance – usually using threats or intimidations – an important element in the mixed electoral system. Also, as PDM was controlling the Central Electoral Commission (CEC), it had practically the freedom to establish the boundaries of electoral constituencies, also, a quite important element in framing and segmenting the voters in order to influence the results in the ‘designed’ electoral constituencies.

In this way, taking advantage of the changed electoral system, the PDM which had just 12% of support from the population<sup>8</sup> managed to win 30 MP mandates at the parliamentary elections in February 2019, positioning itself a little bit behind PSRM, which won 35 mandates, but – most importantly – in front of Electoral Bloc ACUM (consisting of PPDA and PAS), which won 26 mandates altogether. However, changing the electoral system has not managed to become ‘the magic wand’ by which PDM strengthened

<sup>5</sup> *Ion Tabarta*, Schimbarea sistemului electoral al Republicii Moldova - impactul asupra sistemului politic moldovenesc [Changing the electoral system of the Republic of Moldova - the impact on the Moldovan political system], Chisinau, June 2018, available in Romanian at <http://www.viitorul.org/files/library/Reforma%20sistemului%20electoral.pdf>.

<sup>6</sup> One of the first people to use this term in relation to the functioning of the current political system in Moldova was the Moldovan analyst and political commentator Igor Botan. Also, please see, Igor Botan, The electoral system change –benefits for whom and for what?, Chisinau, April 2018, available in English at

[https://www.soros.md/files/publications/documents/Electoral%20System.Botan\\_.pdf](https://www.soros.md/files/publications/documents/Electoral%20System.Botan_.pdf).

<sup>7</sup> European Commission for Democracy Through Law (Venice Commission), OSCE Office for Democratic Institutions and Human Rights (OSCE/ODIHR), “Venice Commission Opinion No. 884/2017, ODIHR Opinion-No.: ELE-MDA/308/2017,” Warsaw, 19 June 2017, <http://www.osce.org/odihr/elections/moldova/324356?download=true>.

<sup>8</sup> International Republican Institute’s (IRI) Center for Insights in Survey Research, Public Opinion Survey:Residents of Moldova, September 11-October 16, 2018, available in English at [https://www.iri.org/sites/default/files/2018-11-15\\_moldova\\_poll.pdf](https://www.iri.org/sites/default/files/2018-11-15_moldova_poll.pdf)

even more its power, considering how things evolved after parliamentary elections.

**Debunking a Moldovan ‘political myth’.** Changing the electoral system from proportional to mixed one did not prove the idea that playing the electoral system changing card would guarantee and straighten the power in the hands of the party that promoted and adopted this law modification.

### The (im)possible coalition between the pro-Russian Socialists Party (PSRM) and the pro-Western Bloc ACUM

The results of the parliamentary elections from February 2019 brought with them a reshuffle of the Parliament composition. The elections practically closed another ‘9 years cycle’ in the Moldovan politics which were dominated by the rule of ‘right-wing’ parties and, also, sealed the ‘political death’ of some political parties, both ‘right-’ and ‘left-’ wing ones: PCRM, PL, and PLDM.

The ‘logical’ step coming out from the way the political situation has developed in the last two years – ‘the tacit agreement’ between PDM and PSRM; elections’ outcomes; and the impossibility of an alliance between the Bloc ACUM and PDM – was the formation of an open coalition between PSRM and PDM. Nevertheless, on June 8th, almost three months later after validation of MPs mandates and a couple of rounds of negotiations between three major factions that acceded to Parliament – PSRM, PDM and Electoral Bloc ACUM – ‘an (im)possible alliance’ from pro-Russian PSRM and pro-European ACUM Bloc was concluded.<sup>9</sup> On the same day, the parliamentary majority consisting of 61 MPs of PSRM and Bloc ACUM, elected the socialist Zinaida Greceanii as speaker of the Parliament, while Maia Sandu, leader of PAS, was voted as prime minister.

PDM was taken aback by this alliance and did not take part in the Parliamentary session on June 8th,

claiming that the deadline for the creation of parliamentary majority expired on June 7th. In their opinion both legislative and executive institutions were illegal, and the only legitimate Government was the one headed by Pavel Filip. On the same day, PDM carried out a request to the Constitutional Court (CCRM), which issued decisions by which the parliament was dismissed, president Dodon relieved of his duties and the Sandu government declared illegal.<sup>10</sup> Following the court ruling, riot police, accompanied by a group of protesters appeared outside government buildings and blocked the entries. The new alliance adopted the declaration by which Moldova was qualified a ‘captured state’ and dismissed the leaderships of the Intelligence and Security Service (SIS) and the National Anticorruption Center (CNA). The political deadlock ended up on 14 June when PDM, under external pressures ceased the political power, withdrew from government and went to opposition. On the same day, oligarch Vlad Plahotniuc, leader of PDM, left the country.<sup>11</sup> He was accused by the new government of ‘usurping the state power’. Three months later, in October, the Court issued a national and international arrest warrant for him, being investigated in two criminal cases for money laundering in very large amounts.

The shift in the government and the ‘(im)possible alliance’ between PSRM and ACUM led to strengthening of Presidency powers and of Igor Dodon’s and PSRM as a party as well. Thus, since June, president Dodon – PSRM’s informal leader – slowly, but surely started to concentrate the power in his hands through subordinating directly some strategic institutions like SIS and the Protection and Guard State Service (SPPS).<sup>12</sup> Also, PSRM took over the position of Ministry of Defense under the Sandu Government, and Pavel Voicu, a close ally of President Dodon was appointed as its head.<sup>13</sup> At the same time, PSRM managed to ensure its control also over the Constitutional Court, by electing the socialist MP Vladimir Turcan as the head of this institution. Also, PSRM has taken over control of CNA, appointing

<sup>9</sup> *Cristina Gherasimov*, Can Moldova’s New Coalition Stick Together?, 19 June 2019, <https://www.chathamhouse.org/expert/comment/can-moldova-s-new-coalition-stick-together>.

<sup>10</sup> It is worth mentioning, that in December 2018, the parliamentary majority controlled by PDM had appointed three MPs from their own party as judges to the Constitutional Court; *Vadim Pistrinciu*, Moldova crisis: The first battle in the war for democracy, 21st June 2019, [https://www.ecfr.eu/article/commentary\\_moldova\\_crisis\\_the\\_first\\_battle\\_in\\_the\\_war\\_for\\_democracy](https://www.ecfr.eu/article/commentary_moldova_crisis_the_first_battle_in_the_war_for_democracy).

<sup>11</sup> *Frank Suyak*, Moldova’s oligarch-in-chief has fled, will Europe’s poorest country remain a ‘captured’ state?, 26 June 2019, available

in English at <https://www.dw.com/en/moldovas-oligarch-in-chief-has-fled-will-europes-poorest-country-remain-a-captured-state/a-49348875>.

<sup>12</sup> Radio Free Europe / Radio Liberty, SIS trece sub dublu control: preşedinte şi parlament [SIS goes under double control: president and parliament], <https://moldova.europalibera.org/a/30005650.html>

<sup>13</sup> Deutsche Welle Moldova, Moldova intră sub Igor Dodon, asistat de blocul ACUM [Moldova comes under Igor Dodon, assisted by the ACUM bloc], <https://www.dw.com/ro/moldova-intr%C4%83-sub-igor-dodon-asistat-de-blocul-acum/a-50083730>.

Ruslan Flocea, president Dodon's councilor and a person very close to speaker Zinaida Greceanii, as its head.

Meanwhile, both parties of the alliance – PSRM and Igor Dodon on the one hand and Bloc ACUM and its leaders prime-minister Maia Sandu and Andrei Nastase, appointed minister of Internal Affairs – have assumed a public commitment establishing clear rules for themselves. PSRM had the task to re-establish relations with the Russian Federation, while the Bloc ACUM was responsible for re-establishing the relationship and trust with the European Union. The common goal of both political formations, though, was the justice reform, depoliticization of some official institutions (CEC, General Prosecutor's Office, Audiovisual Council, etc.) and elimination of monopoly and corruption schemes installed by PDM or persons close to this party.

### The General Prosecutor's Office – the 'Grande issue' between PSRM and ACUM which killed the coalition

The PSRM-ACUM alliance was an alliance driven by circumstances or compromise, which had the main goal of 'saving the country from the oligarch Plahotniuc'<sup>14</sup>, including several short-term objectives regarding justice reform and depoliticization of state institutions. Also, both parties of the alliance have agreed upon the annulment of the mixed electoral system and on rolling back the proportional one – an amendment made by Parliament in August 2019. Further, the unwritten medium- or/and long-term objective for both parties of the alliance was to organize fair early parliamentary elections based on the proportional electoral system.

The first dissents between PSRM and ACUM appeared at the end of August 2019, when the minister of Justice, Olesia Stamate, presented the concept of justice reform.<sup>15</sup> It contained several elements, including: narrowing of Supreme Court of Justice (CSJ)

competence so that it focuses more on unification of judiciary practice and less on thorough examination of cases, including decreasing the number of its members; filling the number of members of the Supreme Court of Magistrates (CSM); Anti-Corruption Prosecutors' Office should focus on big corruption cases, while those related to systemic corruption to be transferred to CNA; and – **the most important one** – reducing the tasks of the Prosecutors' Council (CSP) in appointing the general prosecutor by setting up a commission under the umbrella of the Ministry of Justice which will propose the list of candidates for this position.<sup>16</sup>

The latter from this list – election and appointment of a new General Prosecutor – was, as it proved, a stumbling block for the PSRM-ACUM alliance. The election of a non-corrupt, independent and uncontrollable person to this position was, according to the experts, too big a danger for Igor Dodon, but also for several members of PSRM – including speaker Zinaida Greceanii –, who appeared in several corruption files and were linked to the 'billion-dollar theft' affair. This is how PSRM tried indirectly to invalidate the candidate selection procedure for the position of General Prosecutor. The results of candidates' preselection commission for the concerned position have shown that the member of the commission delegated by the chairman of the Parliament assessed disproportionately some of the candidates for the position of general prosecutor.<sup>17</sup>

Another factor catalyzing the dissents between the two components of the alliance PSRM-ACUM were the results of the local elections in October 2019, in particular those for the Chişinău municipality, where Ion Ceban, PSRM candidate defeated Andrei Năstase, the ACUM candidate. It was for the first time in the history of Moldova that the 'right-wing' parties lost the capital to a 'left-wing' candidate.<sup>18</sup>

Turning back to the 'general prosecutor affair', on November 6th 2019, the minister of Justice Olesia Stamate, given the attempt to vitiate the results, has

<sup>14</sup> Deutsche Welle Moldova, Moldova - 40 de zile fără Plahotniuc [Moldova - 40 days without Plahotniuc], July 2019, available in Romanian at <https://www.dw.com/ro/moldova-40-de-zile-f%C4%83r%C4%83-plahotniuc-se-respir%C4%83-altfel/a-49731943>.

<sup>15</sup> Ministry of Justice, Conceptul reformei în sectorul justiției a fost prezentat astăzi la Ministerul Justiției [The concept of reform in the justice sector was presented today at the Ministry of Justice], <http://www.justice.gov.md/libview.php?l=ro&idc=4&id=4486>.

<sup>16</sup> Bizlaw.md, Noua reformă a justiției: Mai mulți membri în CSM și CSP și reducerea competențelor pentru CSJ și Procuratura Anticorupție [The new justice reform: More members in the SCM and the CSP and the reduction of competences for the SCJ and the Anti-corruption Prosecutor's Office], [https://www.bizlaw.md/noua-](https://www.bizlaw.md/noua-reforma-a-justitiei-mai-multi-membri-in-csm-si-csp-si-reducerea-competentelor-pentru-csj-si-procuratura-anticoruptie)

[reforma-a-justitiei-mai-multi-membri-in-csm-si-csp-si-reducerea-competentelor-pentru-csj-si-procuratura-anticoruptie](https://www.bizlaw.md/noua-reforma-a-justitiei-mai-multi-membri-in-csm-si-csp-si-reducerea-competentelor-pentru-csj-si-procuratura-anticoruptie)

<sup>17</sup> *Ziarul de Garda*, Reacția membrului comisiei acuzat că a apreciat disproporționat candidații la fotoliul de procuror general [Reaction of commission member accused of disproportionately appreciating candidates for the General's Prosecutor chair], October 2019, available in Romanian at <https://www.zdg.md/stiri/stiri-justitie/reactia-membrului-comisiei-acuzat-ca-a-apreciat-disproporcionat-candidatii-la-fotoliul-de-procuror-general>.

<sup>18</sup> *Madalin Necsutu*, Moldovan Socialists Win Chisinau City Hall, 4 November 2019, available in English at <https://balkaninsight.com/2019/11/04/moldovan-socialists-win-chisinau-city-hall/>.



now becoming the party imposing the game and PDM as party supporting from the shadow certain processes or waiting for the right moment to take revenge on PSRM and make a comeback to power.

The speed with which the Chicu Government was installed – two days after Maia Sandu lost a confidence vote and not long after the Socialists won control of the capital – somehow proved the scenario circulating from beginning of September, which hinted that Socialists are planning to dismiss the Sandu Government. Maia Sandu herself mentioned that the main concern of the Socialists was the fear of her anti-corruption agenda. President Dodon and prime-minister Chicu mentioned that the new government will be a ‘technocratic one’ with no formal political affiliation, but if looking at its composition, then six out of its 10 ministers are former advisers to Dodon and two of them are former Greceanii’s advisers.

Total power take-over by the PSRM will trigger some very important issues:

- a) A shift in the external vector of Moldova is imminent. The EU-Moldova relations will slow down, and those with the Russian Federation will become tighter, generating a bigger influence for Russia in the region. Even if PSRM declared it will keep the course of European integration of the country, there are already clear signals pointing to the opposite: the first recognition of the Chicu Government and first message of congratulation came from the Russian prime-minister, Dmitri Medvedev; the first visit of prime minister Chicu was made to Moscow; ‘the loan of USD 500 million promised by the Russian Federation’; the Russian ambassador in Moldova, Oleg Vasnetov was the first diplomat to visit the new mayor of Chisinau municipality, socialist Ion Ceban, etc.
- b) It will bring even a much bigger concentration of PSRM and president Igor Dodon control over state institutions, justice and media fields including. The new strategic objectives in this respect are SCM, SCJ, General Prosecutor’s Office, and public media service.

- c) Slowing down and cover-up of corruption cases with involvement of PSRM representatives.

The investigation of ‘the billion-dollar theft’, most probably, will be put on hold.

**Forecast.** Total power take-over by PSRM and Igor Dodon has the goal of securing a new mandate for Igor Dodon at the presidential elections in the autumn of 2020. Also, most probably, in autumn 2020, new parliamentary elections will be organised and PSRM holding ‘total’ power, will gain from all of these by winning a bigger number of MP seats.

### Moldova: The territory where West meets/ confronts East

The Republic of Moldova is sort of a battlefield – ideologically speaking – between West (represented usually by EU and USA) and East (represented by Russian Federation and Eurasian Customs Union). In fact, Moldova was always a country oscillating between the geopolitics of West – expressed by the aspirations of political parties for European integration, usually the ‘right-wing’ ones – and that of the East – expressed by political parties through getting as close as possible to Russian Federation and/or the Eurasian integration, usually the ‘left-wing’ ones. This dilemma pertaining to Moldova’s external orientation results largely from its geographical location on the edge of ‘European’ and ‘Slavic’ civilizations. The geopolitical dichotomy – East vs. West – is the main playing card for political parties in election campaigns, which appeal to voters’ preferences and their ‘geopolitical’ sympathies. This framing and segmentation of society based on geopolitical choices points to the fact that in thirty years of its independence, Moldova has, firstly, failed as a state, and secondly, was not able to build an identity. Moldovans rather think ‘with whom they are’ rather than ‘who they are’.

Moldovans’ geopolitical sympathies and preferences have swung over time. If in November 2003, 68% of respondents<sup>21</sup> were supporting the accession of Moldova to the EU, in January 2019 only 46% respondents<sup>22</sup> were in favor of this, 64% of the total being young people between 18 and 29 years old. On

<https://balkaninsight.com/2019/11/14/moldovas-parliament-votes-in-ion-chicu-as-new-pm/>.

<sup>21</sup> Institute for Public Policy, Barometer of Public Opinion, April 2016, available in Romanian at

[http://ipp.md/old/public/files/Barometru/BOP\\_04.2016\\_anexa.pdf](http://ipp.md/old/public/files/Barometru/BOP_04.2016_anexa.pdf).

<sup>22</sup> International Republican Institute (IRI), Moldova National Study/Survey, November 10-25, 2008, available in English at <http://www.iri.org/sites/default/files/2009%20February%204%20S>

the other hand, if in April 2014, 45% of the population was in favor of accession to Eurasian Customs Union, then in January 2019, only 38% of respondents<sup>23</sup> supported the idea, approx. 47% of the total being over 50 years old. It is somewhat paradoxical that in the last 20 years in Moldova, the level of trust in and popularity of the EU among Moldovan population decreases when the Government is led by 'right-wing' parties (supporters of European vector of the country, for ex. PPCD, PLDM, PDM, PL); and increases under the 'left-wing' parties' administration (supports of pro-Eastern vector, for ex. PCRM, PSRM).<sup>24</sup>

Concerning a 'threat' related to these two geopolitical dichotomies – West vs. East – then the Russian Federation was almost always classified as the biggest 'threat': in 2008, 17% mentioned Russia as the biggest 'geopolitical threat' for Moldova, and in 2019 – 20%. At the same time, if in 2008, EU was seen as 'threat' by 8% of respondents, then in 2019 only by 4%.<sup>25</sup>

The 'nostalgia' for pro-Eastern orientation of the country – lingering over the course of 30 years – is the result of 70 years of Moldova being part of USSR. It is a period in the country's history perceived by a part of population – in particular the one which is +50 years old – as a time of 'stability', 'order', 'safety' and 'peace'. The same 'nostalgia' is cultivated and maintained also today by the Russian Federation via several specific instruments:

- a) Russian media<sup>26</sup> and especially Russian TV channels<sup>27</sup>, rebroadcasted on Moldova's territory. The most popular broadcasted content among media consumers is the one produced in the Russian Federation (*Pervyi Kanal*, *RTR*, *STS* and *TNT*) and rebroadcasted by some local media outlets.<sup>28</sup> The 3 most popular television channels in Moldova

retransmit the content of Russian-based outlets: *Pervyi Kanal*, *RTR Moldova (Rossiya 1)*, *NTV Moldova (NTV)*. Also, in the first 10, there are at least 3 more TVs which retransmit the content produced by Russian media outlets: *N4*, *TNT-Exclusiv*, *Ren TV*. Further, the most widely read newspapers in the country are the local versions of *Komsomolskaya Pravda*, *Argumenty i Fakty* and *Trud 7* which promote Kremlin' narratives. Among the most popular online platforms: *Sputnik.md*, *Ria.ru*, *Point.md* and *Noi.md*.<sup>29</sup>

- b) The Orthodox Church in Moldova is part of the Russian Patriarchate and is canonically subject to it. It is the most popular and trusted institution in the Republic of Moldova: around 70% of respondents reporting a favorable opinion of the Orthodox Church.<sup>30</sup>
- c) The last, but not least, are the political parties, usually those 'leftists', which promote pro-Eastern policy and Russian narratives in Moldovan society (ex. PCRM during its certain stages; or currently, PSRM).

While the Russian Federation imposed its 'popularity' and tried to foster and manipulate the pro-Eastern preferences – via media, religion, political proxy parties – and threaten Moldova through embargoes on Moldovan products in different periods of time (September 2013 – wine; July 2014 – fruits and vegetables; October 2014 – meat), the EU 'imposed its popularity' through the assistance provided to this country. At some point, Moldova became the largest beneficiary of European assistance per capita in the

urvey%20of%20Moldovan%20Public%20Opinion,%20November%2010-25,%202008%281%29.pdf; IRI, Public Opinion Survey: Residents of Moldova, May 8, 2019 – June 10, 2019, available in English at [https://www.iri.org/sites/default/files/iri\\_moldova\\_may-june\\_2019\\_poll\\_final.pdf](https://www.iri.org/sites/default/files/iri_moldova_may-june_2019_poll_final.pdf)

<sup>23</sup> Institute for Public Policy, Barometer of Public Opinion, April 2016, available in Romanian at [http://ipp.md/old/public/files/Barometru/BOP\\_04.2016\\_anexa.pdf](http://ipp.md/old/public/files/Barometru/BOP_04.2016_anexa.pdf).

<sup>24</sup> *Dionis Cenusă*, Uniunea Europeană sau Uniunea Euroasiatică? Iată care sunt preferințele moldovenilor [The European Union or the Eurasian Union? What are the preferences of Moldovans], May 2016, available in Romanian at <https://diez.md/2016/05/06/sondaj-uniunea-europeana-sau-uniunea-euroasiatica-iata-care-sunt-preferintele-moldovenilor/>.

<sup>25</sup> International Republican Institute (IRI), Moldova National Study/Survey, November 10-25, 2008, available in English at <http://www.iri.org/sites/default/files/2009%20February%204%20Survey%20of%20Moldovan%20Public%20Opinion,%20November%2010-25,%202008%281%29.pdf>; IRI, Public Opinion Survey: Residents

of Moldova, May 8, 2019 – June 10, 2019, available in English at [https://www.iri.org/sites/default/files/iri\\_moldova\\_may-june\\_2019\\_poll\\_final.pdf](https://www.iri.org/sites/default/files/iri_moldova_may-june_2019_poll_final.pdf).

<sup>26</sup> According opinion polls, media is the third most trusted institution in the Republic of Moldova, only behind Moldovan Orthodox Church and National Army.

<sup>27</sup> TV is the most important source of information for 70% of the entire population.

<sup>28</sup> For example, the top-rated content are entertainment and chat shows: Wheel of Fortune ('Pole Chudes') and Let them Talk ('Pusti Govoreat'). European Endowment for Democracy (EED), Report: Bringing Plurality & Balance to Russian Language Media, Brussels 2015.

<sup>29</sup> *Gemius Rating*, Moldova Online audience reach, August 2019, available in English at <https://rating.gemius.com/md/tree/118>.

<sup>30</sup> According to the 2014 Republic of Moldova census, 96.8% of its citizens identify as Orthodox Christians. National Bureau of Statistics (BNS), Population and Housing Census in the Republic of Moldova, May 12-25, 2014, available in English at <https://statistica.gov.md/pageview.php?l=en&idc=479>.

world.<sup>31</sup> Over the last 11 years, 2007-2018, EU assistance for Moldova was of approx. 1,5 billion EUR.<sup>32</sup>

The unfair threats and political blackmail on behalf of the Russian Federation in the post -2011 period, especially through the multitude of embargoes on Moldovan products triggered a shift in the commercial priorities of the country. Thus, from 2015 the EU became the main external partner of Moldova as regards trade, both export and import. In January-September 2019, exports to the EU accounted for almost 66% out of the total in the amount of around 302 million USD, whereas to Commonwealth of Independent States (CIS) it was of around 15% out of total, with only 8% to the Russian Federation. The tendency of redirecting exports to EU markets grows further, as does the quality of goods and the adjustment to international standards is being done.<sup>33</sup> Also, over 80 percent of all international grants Moldova receives are provided by the EU.<sup>34</sup>

The country's foreign policy in the last 20 years has largely depended on the parties ruling the country. If Communists Party, during its first term (2001-2004) had a clear 'pro-Eastern' policy, then in its second term – 2005-2009 – the Communists' had changed its political preferences and mimicked the idea of European integration and pro-West orientation.<sup>35</sup>

The years 2010-2014, marked the period when Moldova was classified as 'Europe's success story', and the external policy of the country was dictated by the PLDM and the governments led by this party. It was the most consistent period externally, when the clear pro-West course of the country was established and the European integration became the main priority, culminated in visa liberalization, signing and ratification of the EU-Moldova Association Agreement in April and respectively in June 2014.

Since the end of 2015, PDM was the party taking over the governing and 'patenting' the pro-Western

orientation of Moldova and the idea of European integration. PDM used this mainly to gain the sympathy of the pro-European electorate. Also, it used the pro-West orientation to somehow blackmail the EU with regard to the pro-Russian threat posed by 'leftist' parties – PSRM, in this case – positioning itself as 'promoter' of European integration and the only political entity which can slow down the Socialists upswing. PL had a minimal role in imposing a vision concerning the external policy of the country. This party, firstly, placed itself as a 'unionist party' (pro-Romania), and secondly, as a pro-NATO one, a factor which somehow scares the Moldovan electorate.

The real pro-West and pro-European positioning and orientation is manifested by the new right-wing parties, PAS and PPDA (Bloc ACUM). In only five months of being in power – June-October 2019 – Bloc ACUM has managed firstly to regain EU's trust by beginning new reforms, which led the EU – in October 2019 – to approve the releasing of the first tranche of 30 million EUR from macro-financial assistance and 55 million EUR of sectoral assistance stating that 'the Moldovan authorities have engaged in a significant and substantial structural reform process to strengthen the independence of the judiciary and the fight against corruption'.<sup>36</sup>

However, the dismissal of the Sandu Government and appointment of a 'technocratic government' voted by PSRM and PDM, will probably slow down the European orientation course and will change the external vector of the country towards the pro-Eastern one. Even if PSRM will try to maintain very good relations with the EU and the West, the new Government will be probably treated with suspicion by them. This mainly, because PSRM ideologically is a pro-East party. Secondly, both president Dodon and prime-minister Chicu have expressed over time clear Eurosceptic views in this respect. Igor Dodon is known for repeated threats to terminate the EU-Republic of Moldova Association Agreement. The prime minister Chicu is

<sup>31</sup> Deutsche Welle, Moldova, cel mai mare beneficiar de asistență europeană din lume pe cap de locuitor [Moldova, the largest beneficiary of European assistance in the world per capita], June 2015, available in Romanian at <https://www.dw.com/ro/moldova-cel-mai-mare-beneficiar-de-asisten%C8%9B%C4%83-european%C4%83-din-lume-pe-cap-de-locuitor/a-17703763>.

<sup>32</sup> Radio Free Europe/Radio Liberty, Ambasadorul Peter Michalko explică diferența dintre asistența nerambursabilă oferită de UE și creditul promis de Rusia [Ambassador Peter Michalko explains the difference between non-reimbursable EU assistance and credit promised by Russia], November 2019, available in Romanian at <https://moldova.europalibera.org/a/ambasadorul-peter-michalko-explic%C4%83-diferen%C8%9Ba-dintre-asisten%C8%9Ba-nerambursabil%C4%83-oferit%C4%83-de-ue-%C8%99i-creditul-promis-de-rusia/30288423.html>.

<sup>33</sup> BNS, Moldova: External trade in 2019, available in English at <https://statistica.gov.md/category.php?l=ro&idc=336>.

<sup>34</sup> Fisc.md, Bugetul 2018: granturi mai mari [Bugetul 2018: granturi mai mari], available in Romanian at <https://monitorul.fisc.md/editorial/bugetul-2018-granturi-mai-mari.html>.

<sup>35</sup> This tactic of mimicking the pro-European orientation, in order to win the „right” electorate, will be adopted later by the PDM during the years 2016-2019.

<sup>36</sup> European Commission, EU approves €30 million disbursement in Macro-Financial Assistance to the Republic of Moldova, 10 October 2019, [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_19\\_6060](https://ec.europa.eu/commission/presscorner/detail/en/ip_19_6060).

known for his attacks on EU officials, the most recent in October 2019, as Dodon's advisor, blaming directly the EU for the precarious situation in Moldova, and accusing high-ranking EU officials of being accomplices to the major bank fraud scandal.<sup>37</sup> The EU will adopt the tactics of conditionality, namely 'less for less' and 'more for more', and the justice reform will be the key element based on which it will act in the future.<sup>38</sup> So, the way this government will deal with the justice reform, liberalization of the energy market, ensuring media pluralism and independence and election of the new general prosecutor will serve as most important indicator for future EU support for Moldova.<sup>39</sup> On the other hand, the relations with the Russian Federation will become a priority and this will trigger Russia's ascending influence in domestic affairs of the country and in the region. The outcome of these issues will slightly isolate Moldova from the Western countries and will have an impact on the partnerships of Moldova, limiting the economic, financial, political and diplomatic assistance from the West.<sup>40</sup>

### On 'ignoring mode' or how Moldova 'struggles' to establish efficient relations with its neighboring countries

The neighboring policy of Moldova, both with Romania and Ukraine, was often based on the 'mood' of political parties and their external preferences. The difficult relations Moldova had with its neighbors – Romania and Ukraine – was probably one of the biggest failures as regards the external policy of this country. Moldova could never brag about good relations either with Ukraine or Romania, despite of the biggest assistance provided by the latter. Thus, Moldova led an 'ignoring' neighboring policy,

activating itself either when facing security problems, especially on energy – whether we are speaking about relations with Ukraine –, or if it needed support and assistance, financial including – if we are speaking about relations with Romania.

#### **Romania, a 'brother' only when Moldova is in need.**

Romania was and remains Moldova's most important strategic partner, also economically and trade-wise. Over the last ten years, between these two bordering countries there are clear and encouraging developments in the field of investments, financed infrastructure projects with Romania being present in Moldova's economy in general. Romania comes first in the number of Moldovan companies it invested in – over 1700 – and ranks 5th in the top of countries to invest in the capital of companies in Moldova – almost 50 million USD as of the end of 2018.<sup>41</sup> Also, Romania is the main trade partner of Moldova – both on export and import – and a significant presence in key-sectors of Moldova's economy. Only in the period January – September 2019, Moldova's exports to Romania have accounted for almost 29% of the total, whereas the imports – 15%.<sup>42</sup>

On the other hand, Romania's support was not always appreciated by governments in Chisinau. The political relations between Romania and Moldova have developed and evolved depending on parties in power in Chisinau. The 'right-wing' governments (PLDM, PDM and ACUM) have developed and develop positive relations with Bucharest. The 'left-wing' parties and governments had a negative outlook in the relations with Romania, accusing it – repeatedly – of revisionism/unionism<sup>43</sup> or qualifying it as an 'aggressor' state, meddling in the internal affairs of Moldova.<sup>44</sup> This narrative was adopted both by PCRM

<sup>37</sup> TV8, Mesaj scandalos! Consilierul lui Dodon acuza diplomații UE de fraudă bancară. Reacțiile lui Năstase, Popescu și Michalko [Scandalous message! Dodon's adviser accuses EU diplomats of bank fraud. The reactions of Nastase, Popescu and Michalko], 18 October 2019, available in Romanian at <http://tv8.md/2019/10/18/mesaj-scandalos-consilierul-lui-dodon-acuza-diplomatii-ue-de-frauda-bancara-reactiile-lui-nastase-popescu-si-michalko/>.

<sup>38</sup> *Una Hajdari*, Moldova's Failed Revolution Is Not Over Yet, November 2019, available in English at <https://foreignpolicy.com/2019/11/22/moldova-vladimir-plahotniuc-failed-revolution-not-over-yet/>.

<sup>39</sup> *Stanislav Secieru*, Life After the Coalition: What Now for Moldova? November 2019, available in English at <https://carnegie.ru/commentary/80397>.

<sup>40</sup> Radio Free Europe/Radio Liberty, Nicu Popescu: „Nu cred că R. Moldova, indiferent de guvernare, își poate permite să aibă o poziție exclusiv prorusească” [Nicu Popescu: 'I do not think that Moldova, regardless of government, can afford to have an exclusively pro-Russian position'], November 2019, available in Romanian at <https://moldova.europalibera.org/a/nicu-popescu-nu-cred-c%C4%83-r-moldova-indiferent-de-guvernare-%C3%AE%C8%99i-poate-permite-s%C4%83-aib%C4%83-o-pozitie-C8%9Bie-exclusiv-proruseasc%C4%83-/30287286.html>.

<sup>41</sup> *Dragos Filipescu*, "Unionism" pragmatic : relațiile economice dintre Romania si Republica Moldova [Pragmatic "Unionism": the economic relations between Romania and the Republic of Moldova], September 2018, Bucuresti, available in Romanian at <http://www.contributors.ro/economie/%E2%80%9Cunionism%E2%80%9D-pragmatic-relatiile-economice-dintre-romania-si-republica-moldova/>.

<sup>42</sup> BNS, Moldova: External trade, available in English at <https://statistica.gov.md/category.php?l=en&idc=336>.

<sup>43</sup> Radio Free Europe/Radio Liberty, Moldovan President Praises Russia, Accuses Romania Of 'Revisionism', June 2009, available in English at [https://www.rferl.org/a/Moldovan\\_President\\_Praises\\_Russia\\_Accuses\\_Romania\\_Of\\_Revisionism/1761999.html](https://www.rferl.org/a/Moldovan_President_Praises_Russia_Accuses_Romania_Of_Revisionism/1761999.html).

<sup>44</sup> Deutsche Welle, Voronin a numit poporul român „clică unionistă” [Voronin called the Romanian people a 'unionist gang'], July 2006, available in Romanian at <https://www.dw.com/ro/voronin-a-numit-poporul-rom%C3%A2n-clic%C4%83-unionist%C4%83/a-2633081>

and its leader Vladimir Voronin in 2001-2010, as well as by the socialists and Igor Dodon after 2016.<sup>45</sup>

In the nearest future, if the political power in Moldova will be held by PSRM, the political relations with the neighbor in the West – Romania –, will not get better, on the contrary it will be put on hold, or even on 'ignore mode'. The assumptions in this respect are the result of the negative and aggressive attitude shown in the course of time by the president Dodon and PSRM towards Romania and everything that is Romanian.<sup>46</sup> At the same time, the key message communicated directly or indirectly by Romania for the past 10 years – and the one both president Klaus Iohannis and the Romanian Government will continue to support – was the one of continuous backing of pro-European forces from Moldova. At present, even if Romania will continue to provide assistance and support to Moldova, this will be strictly people-oriented, with no orientation towards the socialist government. As for the latter, Romania, will probably develop a rather silent attitude, subtly highlighting, also the regional risks Igor Dodon and PSRM pose as a party.

#### Ukraine – a 'flawed neighboring relationship'.

Moldova's bilateral relations with its Eastern partner – Ukraine – have oscillated from a one 'on the cutting edge'<sup>47</sup> in 2001-2010, mainly because of the Communist regime in Chisinau and Kiev's 'indifference' towards the frozen conflict in Transnistria, to a 'hesitant' one in 2010-2015, because of pro-Russian attitude of president Viktor Yanukovich. Ending in a 'positive and dynamic' one in 2015-2019 period, given the common problem – aggression of Russia and the separatism in the East of Ukraine and Moldova<sup>48</sup> - and the close business/personal relations between the political elites of these two countries (Piotr Poroshenko and Vladimir Plahotniuc, in particular). So, the diplomatic and political Moldovan-Ukrainian relations were always complicated, their temperature varying based on the governments both

in Chisinau and in Kiev. Also, the external orientation of these countries in certain periods of time had a direct impact also on their bilateral relations. Meaning, when views on external orientation (pro-West or pro-East) of both countries would coincide, the relations between them would also be very good and efficient.

The Moldovan-Ukrainian relations can be analysed based on some specific elements or subjects dominating the political dialogue between these countries: economic and trade, energetic and security, European integration aspects and, of, course the Transnistrian issue.

Like Romania, Ukraine is one of the most important trade partners of Moldova. According to the National Statistics Bureau (NBS) data, the export from Moldova to Ukraine in January-September 2019 was around 54 million USD (8th place) and import of Ukrainian goods and products – 425 million USD (4th place).<sup>49</sup>

Shortage of energy resources is one of Moldova's major problems, as it has to constantly negotiate its importing both with its neighbors (Romania, Ukraine) and third states (Russian Federation), which are directly involved in the supplying of the country's energy resources (electricity and natural gas). In this respect, Ukraine is one of the main partners as well as key actors directly and indirectly involved in this process. Firstly, this concerns the electricity produced by Ukraine and purchased by Moldova which was a subject used in several situations by the government in Kiev to blackmail Chisinau (e.g. the electricity supply shut-offs in 2005-2006, when Ukraine wanted to increase the tariff for these services). Secondly, this is about transit fees for Russian natural gas on the territory of Ukraine, which are negotiated every year by Russia and Ukraine and are included in the final price of the gas provided by the Russian Federation state-company 'Gazprom'. Also, in some cases and situations, Ukraine used and played this card to blackmail Chisinau and benefit from this.<sup>50</sup>

<sup>45</sup> Agora.md, O scrisoare pierdută de la Dodon către Iohannis. Ce-l ruga socialistul pe liderul de la București acum jumătate de an [A missed letter from Dodon to Iohannis. What the Socialist asked Romanian president half a year ago], November 2016, available in Romanian at <https://agora.md/stiri/25371/doc--o-scrisoare-pierduta-de-la-dodon-catre-iohannis--ce-l-ruga-socialistul-pe-liderul-de-la-bucuresti-acum-jumatate-de-an>

<sup>46</sup> Madalin Necsutu, Calls for Reunion With Romania Anger Moldova President, 1 February 2018, <https://balkaninsight.com/2018/02/01/the-security-council-of-moldova-called-for-increasing-pro-romanian-activities-02-01-2018/>.

<sup>47</sup> Victoria Boian, Relațiile Republicii Moldova cu Ucraina [Relations of the Republic of Moldova with Ukraine], 11 October 2009,

available in Romanian at <http://www.ape.md/2009/10/victoria-boian-relaaiile-republicii-moldova-cu-ucraina-friedrich-ebert-stiftung-12-10-2009/>.

<sup>48</sup> Natalia Stercul, Strategy of Relations between Neighbouring Countries: Scenario of the Republic of Moldova, February 2018, [http://www.ape.md/wp-content/uploads/2018/02/Natalia-Stercul-2017-Moldova\\_Ukraine\\_Romania-relations\\_BST.pdf](http://www.ape.md/wp-content/uploads/2018/02/Natalia-Stercul-2017-Moldova_Ukraine_Romania-relations_BST.pdf).

<sup>49</sup> BNS, Moldova: External trade, available in English at <https://statistica.gov.md/category.php?l=en&idc=336>.

<sup>50</sup> Victoria Boian, Relațiile Republicii Moldova cu Ucraina [Relations of the Republic of Moldova with Ukraine], 11 October 2009, available in Romanian at <http://www.ape.md/2009/10/victoria-boian-relaaiile-republicii-moldova-cu-ucraina-friedrich-ebert-stiftung-12-10-2009/>.

Probably, the most important subject of Moldova-Ukraine relations is the Transnistrian conflict and Ukraine's role in regulating this issue. It is an issue, theoretically bearing the same importance for both states, as it involves their national security and the future development of trade, economic and political relations between them.<sup>51</sup> However, over time, Ukraine's approach in this respect was uneven, very volatile and in many instances based on its own interests. The level of implication of Ukraine in the Transnistrian conflict oscillated from a bigger interest during the period 2004-2007 (during Viktor Yushchenko's presidency), changed by a phase of almost 7 years of 'ignore mode'. The year 2014 was a turning point, when Ukraine changed its approach to the Transnistrian issues because of its domestic events: annexation of Crimea by Russia and the armed conflict in the East of the country in the Donbas region. Ukraine understood the importance of resolving the Transnistrian conflict by preserving Moldova's independence and integrity and non-acceptance of a 'federalization' scenario, otherwise it would create a precedent – a dangerous one also for Ukraine – which would be applied also in resolving the armed conflict in Donbas (Donetsk and Luhansk regions).<sup>52</sup>

In 2019, the bilateral relations between the two countries can be divided in two periods. The first June-November period of Sandu's Government, when it was possible to push a re-start in these relations. In the five months of its activity, Sandu met president Vladimir Zelinski and discussed regional security, European integration<sup>53</sup>, and cooperation within the economic and energy sectors.<sup>54</sup> The second period, began in the middle of November 2019, when PSRM took over total power, a fact which most probably will lead to aggravation of relations between these two countries. The main reason behind this is – like in the situation with Romania – PSRM's and Dodon's pro-Russian orientation, shown in his declarations on Crimea annexation by Russia and the war in the East of

Ukraine. In an interview back in 2016, Dodon blamed Ukraine for what happened in Crimea and stated that the 2014 'referendum' in this peninsula on joining Russia 'has a legislative basis'.<sup>55</sup> In this respect, Dodon questioned the territorial integrity of the neighboring country, this is why over the last three years he did not meet any Ukrainian official. As already mentioned, Moldova relies on gas imported from Russia via Ukraine. Under these circumstances, Moldova will sooner or later be linked one way or another to Ukraine: the only route through which sufficient quantities of gas can be received so far. Still it will not be easy for the PSRM-led government to find a solution, mainly because of the difficult relations between president Dodon and the Government in Kiev.<sup>56</sup> In this respect, the gas transit issue will be one of the indicators testing the true temperature of the current relations between these two countries and will set somehow Ukraine's approach for future relations with Moldovan socialist government.

### **(Re)integration of the country: On a frozen conflict and a region which can become a 'time bomb' for shaking the internal situation**

Transnistria – along several other separatist regions from the former USSR: South Ossetia and Abkhazia in Georgia or Donbas in Ukraine – is nothing more than an instrument in the hands of the Russian Federation to control Moldova. It is a region in the Eastern part of the country bordering Ukraine, occupying around 12% of Moldova's total area. This is one of the most industrialized areas of the country, which until 1991, generated over 30% of the industrial product of Moldova and around 90% of its energy. Sectors and fields massively developed during USSR time to make the country dependent on this region and in case of USSR disintegration and use it as an 'instrument of blackmail and control' for Chisinau authorities.<sup>57</sup> The

<sup>51</sup> *Natalia Stercul*, Молдавско-украинские отношения в контексте новых геополитических реалий [Moldovan-Ukrainian relations in the context of the new geopolitical realities], March 2017, available in Russian at [http://www.ape.md/wp-content/uploads/2018/02/Natalia-Stercul-2017-Moldova\\_Ukraine\\_Romania-relations\\_BST.pdf](http://www.ape.md/wp-content/uploads/2018/02/Natalia-Stercul-2017-Moldova_Ukraine_Romania-relations_BST.pdf).

<sup>52</sup> Interview with Angela Gramada, Director of the Think Tank ESGA, Bucharest, 21 November 2019.

<sup>53</sup> *Vladyislav Maksimov*, Future of Eastern Partnership: EPP backs trio plan, Commission cautious, 21 November 2019, <https://www.euractiv.com/section/europe-s-east/news/future-of-eastern-partnership-epp-backs-trio-plan-commission-cautious/>.

<sup>54</sup> *Agora.md*, Maia Sandu, cu discurs în ucraineană, alături de Zelenski: Aș fi vrut să vin la Kiev să discutăm lucruri simple, dar acum avem alte probleme [Maia Sandu, speaking in Ukrainian to president Zelenski: I would like to come to Kiev to discuss simple

things, but now we have other problems], available in Romanian at <https://agora.md/stiri/59310/maia-sandu--cu-discurs-in-ucraineana--alaturi-de-zelenski-as-fi-vrut-sa-vin-la-kiiev-sa-discutam-lucruri-simple--dar-acum-avem-alte-probleme-video>.

<sup>55</sup> *Newsmaker.md*, Премьер Украины посетит Кишинев. Почему в Киеве не ждут Додона? [Prime Minister of Ukraine will visit Chisinau. Why Dodon is not waited in Kiev?], 27 September 2017, available in Russian at <https://newsmaker.md/rus/novosti/premer-ukrainy-posetit-kishinev-pochemu-v-kiieve-ne-zhdut-dodona-33773/>.

<sup>56</sup> *Stanislav Secrieru*, Life After the Coalition: What Now for Moldova? November 2019, available in English at <https://carnegie.ru/commentary/80397>.

<sup>57</sup> *Dumitru Minzarari*, Victoria Bucataru, Soluționarea conflictului transnistrean la cel de-al 25-lea an de impas: Cauze, obstacole și soluții posibile [Resolution of the Transnistrian conflict at the 25th

energy and economic aspects, namely played and play an important role in conflict escalation and in the negotiations after 1992.

Over the last 25 years the Transnistrian conflict and the reintegration of the country were one of the priorities of all government administrations in Chisinau, with views of political elites varying from party to party and from politician to politician. Internally, the insignificant progress in ‘resolving’ the conflict was influenced by the ‘under table’ and informal agreements between some Chisinau and Tiraspol officials, marked by personal interests and/or corruption schemes.<sup>58</sup> Externally, Russia dominated from its side the situation by imposing the game rules at its discretion. Other involved actors – EU, USA, OSCE – being almost always in the position of playing by the rules imposed by Russia. All of this added up also because of Ukraine’s lack of interest – at least until 2014 – in solving this conflict.

The biggest mistake in the case of the Transnistrian conflict was that since its beginning in late 80s and beginning of 90s of the last century, the Russian Federation imposed on it an ethnic narrative. Also, Russia is and has heavily promoted this ethnic aspect at all international events. It is for this very reason that Russia is said to be a country which ‘protects the Russian-speaking population and ethnic Russians’ in Transnistria. Further, this narrative was complemented by arguments on the big number of ‘Russian citizens’ living in Transnistria, who are none other than the residents of the region, who meanwhile were granted Russian citizenship. The second biggest mistake was the format of negotiations and the mechanism of solving the issue imposed from the start by Russia in order to control the negotiation process: Russia is the first fiddle in this respect, conducting the situation, also via its ‘proxy’, the separatist authorities from Tiraspol.<sup>59</sup> In this regard, Russia’s goal is to turn Moldova into a satellite state with a territorial never-solving problem, one of the main obstacles in the country’s aspiration for European integration.

Coming back to the historical and chronological aspect of this political conflict, it began in 1990, right after the

declaration of independence of the so-called ‘Dniester Moldovan Republic’. But, this was just an intermediary phase, anticipated by a period of over 10 years – the 1980s –, when Moscow prepared all details and arguments for the military phase: dropping Russian ethnics in the region, who formed the political and industrial elites in Tiraspol; creating the „Interfront” movement in the 1980s, which later would be a kind of resistance to a possible exit of MSSR from USSR; and amplifying an ethnic conflict via media. Thus, the armed conflict in March-June 1992 was just the culmination, when Moldova in fact found itself alone in front of the Russian Federation and Russian soldiers. In this situation, Moldova had no other option than to accept in the first period – years 1992-1995 – a ‘peace-keeping mechanism’ dominated by Russian military garrisons parachuted to this region by Russia, and later agree to a format of negotiations imposed and controlled by the same actor. What Moldova lacked in that period was external support in the conflict and especially in the post-conflict era – negotiation period – when Russia managed to impose the rules of the game and the actors which got involved later in the process (OSCE, USA, EU), had to play by those rules.<sup>60</sup>

The 1994-2014 period of the conflict was dominated by an avalanche of discussion, creation of formats ‘5+2’ and/or ‘3+2’, which only strengthened Russia’s positions in this process, preserved the status quo, and postponed as much as possible the settlement of the conflict. Several experts have mentioned in fact, that these formats are already outdated.<sup>61</sup> There was also a period when Russia tried to ‘outsmart’ Moldova by proposing some ‘resolution plans’, which aimed purely to institutionalize its control in the region via scenarios of country federalization. The ‘Kozak memorandum’<sup>62</sup> from 2003 was one of these tentatives, which proposed the establishment of a Moldovan federal asymmetric state and provided for stationing of Russian troops for another 20 years. This proposal was rejected by the then communist president Vladimir Voronin, a decision which subsequently led to various tensions and dissents between Russia and Moldova (e.g. embargoes for agricultural products, disruption

anniversary of the impasse: Causes, obstacles and possible solutions], February 2018, available in Romanian at <http://www.ape.md/en/2018/03/dumitru-minzarari-si-victoria-bucataru-solutionarea-conflictului-transnistrean-la-cel-de-al-25-lea-de-impas-cauze-obstacole-si-solutii-possibile/>.

<sup>58</sup> Mihai Mogildea, Încotro ne duce politica „pașilor mici”? [Where does the “small steps” policy take us?], October 2019, available in Romanian at <https://ipre.md/2019/10/25/nota-analitica-nr-72019-incotro-ne-duc-pasii-mici/>.

<sup>59</sup> Dumitru Minzarari, Victoria Bucataru, op.cit.

<sup>60</sup> Ibidem.

<sup>61</sup> Dumitru Minzarari, „Nu poți construi un viitor prosper cu un model păgubos” [You cannot build a prosperous future with a wicked pattern], interview published in the monthly newsletter of the Foreign Policy Association, October 2019, available in Romanian at <http://www.ape.md/2019/11/buletin-lunar-noiembrie-2019/>.

<sup>62</sup> Igor Botan, “Kozak plan” Implications, November 2003, available in English at <http://www.e-democracy.md/en/monitoring/politics/comments/200312031/>.

of gas supplies, etc.).<sup>63</sup>

Over the last few years, the terminology was revised in order to get rid of the ‘ghost of federalization’ and another term for conflict resolution was launched and promoted – ‘special status’ of Transnistrian region.<sup>64</sup>

It, essentially, encompasses a lot of elements of the federalization principle. The ‘special status’ though is not an instrument for protecting minorities, as Russia claims, it is rather a tool to undermine Moldova’s sovereignty.<sup>65</sup>

Coming back to the role of international actors in this equation, was and still is a very important one (if not the most important one) but needs to be directed and applied correctly. At present, all efforts are concentrated on achieving a political agreement, showing the granting of special status for the Transnistrian region. This status most probably would be accepted by Transnistria, still it is not a solution for Moldova, but for the Russian Federation, which once adopted will contribute to achieving the objective of Moscow, who tailored this mechanism and has the aim to Moldova and by extend the entire region. Also, the West should insist more on the withdrawal of Russian soldiers from Transnistria and replacing them with missions from third countries (for ex. a mission conducted by EU), and on a joint agenda and message of international partners together with Moldova at UN Assemblies.

The policy of ‘small steps’, a strategy adopted over the last two-three years and materialized in the ‘Berlin Plus package’, or ‘the 3 baskets package’, aiming at solving the issues of ordinary citizens from Transnistria (education; transport, telecommunication and infrastructure related; and human rights), also have failed to produce results. The reason why it did not work was that there were no practical steps on behalf of Tiraspol authorities, which benefit from a certain ‘diplomatic legitimization’, but do not want to touch upon/discuss the so-called ‘third basket/political and security’ one – which involves human rights in the

region and ways of resolving the conflict, in which Moldova insists on an extended autonomy of the region, whereas the Tiraspol authorities support further the idea of independence and annexation by the Russian Federation.<sup>66</sup>

Internally, over the last three years the topic of Transnistrian conflict has been patented by the Moldovan president Igor Dodon, elected almost at the same time (December 2016) as the leader of the ‘self-proclaimed republic’ Vadim Krasnoselski. These two met at least seven times, one of them mimicking his involvement just to gain political capital for PSRM for parliamentary elections in February 2019 and upcoming presidential elections (end of 2020). On the other hand, Krasnoselski has only followed in this situation the exact Moscow orders.<sup>67</sup>

**Scenarios and forecasts.** Most probably, president Dodon will insist a lot on the subject of Transnistrian conflict, including pushing for its resolution convenient for and under conditions agreed by Moscow. All of these will be jointly agreed and coordinated with the leader of separatist region, Krasnoselski. A ‘team work’ which was already tested in presidential election campaign in November 2016, when over 15 thousand voters from Transnistria were brought by bus to ballot boxes: approx. 70% cast their vote for Igor Dodon back then. The fact that the ‘Transnistrian topic’ is more far-reaching and will be used in the presidential election campaign at the end of 2020, is proved also by the interest in the society towards this topic, which registered a boost starting with November this year – after, almost two years of silence.<sup>68</sup>

The major problem resulting from a pushed ‘resolution’ by president Dodon, would be that by pursuing personal advantages (political capital for the next presidential elections and winning a new mandate) this ‘resolution’ could sacrifice the independence and territorial integrity of Moldova and institutionalize Russia’s control in the region.

<sup>63</sup> Moldova.org, The Socialist Federalization Plan Is Just as Bad for Moldova as the Kozak Plan, August 2017, available in English at <https://www.moldova.org/en/socialist-federalization-plan-just-bad-moldova-kozak-plan/>.

<sup>64</sup> Vitalie Călușăreanu, O nouă capcană întinsă Moldovei de către Rusia? [A new trap spread to Moldova by Russia?], September 2019, available in Romanian at <https://www.dw.com/ro/o-nou%C4%83-capcan%C4%83-%C3%AEntins%C4%83-moldovei-de-c%C4%83tre-rusia/a-50416132>.

<sup>65</sup> Dumitru Minzarari, „Nu poți construi un viitor prosper cu un model păgubos” [You cannot build a prosperous future with a wicked pattern], interview published in the monthly newsletter of the Foreign Policy Association, October 2019, available in Romanian at <http://www.ape.md/2019/11/buletin-lunar-noiembrie-2019/>.

<sup>66</sup> BalkanInsight.com, Moldova To Reopen Talks with Breakaway Transnistria, November 2019, available in English at <https://balkaninsight.com/2017/11/15/moldova-to-reopen-talks-with-breakaway-transnistria-11-15-2017/>.

<sup>67</sup> Madalin Necsutu, Dosarul transnistrean, între jocuri politice interne și ecuația regională tulbură [The Transnistrian dossier, between domestic political games and the turbulent regional equation], October 2019, available in Romanian at <http://www.ape.md/2019/11/buletin-lunar-noiembrie-2019/>.

<sup>68</sup> Agora.md, Efectul transportării masive de alegători? Transnistrenii s-au prezentat la vot în număr dublu față de scrutinul prezidențial din 2016 [The effect of mass voter transportation?], February 2019, available in Romanian at <https://agora.md/stiri/54801/efectul-transportarii-masive-de-alegatori-transnistrenii-s-au-prezentat-la-vot-in-numar-dublu-fata-de-scrutinul-prezidențial-din-2016>.

Ukraine would have a heavy say in this case, as it will probably keep an eye on president Dodon and everything that is going on in Transnistria. For, regardless of turns, decisions or solutions – in the long run – Ukraine is the one to be affected directly. Firstly, this includes economic and business interests of Ukrainian elites in the region, secondly the ‘solution for Transnistria’ will have a direct and indirect impact also on the conflict in the Eastern part of this country (Donbas region).

The role of opposition – both of the ‘mimicked and self-declared’ one (PDM), and of the real one (PPDA, PAS) – and especially of the civil society is very important. They have to monitor and block any initiative and/or ‘solutions’ proposed by PSRM and Igor Dodon personally, which would damage the integrity of the country, including other concessions made in favor of Tiraspol. Also, they have to develop a clear view and strategy on this subject – Bloc ACUM, in its 6 months of being in power, has not shaped a clear view or message on how to solve this issue. And lastly, they have to have direct discussions with international actors involved in this process – OSCE, USA and EU – in order to voice their ideas, concerns and views on the Transnistrian issue.

### Other cases of possible ‘instabilities’: ATU Gagauzia

The Republic of Moldova is not as united as it seems or believed by its citizens. Over the period of almost 30 years of independence some regions or ethnic minorities have expressed – some of them directly, others less directly – their dissatisfaction with the *status quo* (either territorial, linguistic or ethnical). Besides the Transnistrian conflict, which is on the surface, there are also several ‘risk zones’, which right now are on stand-by mode. Some of them have a history with roots dating back to the 19th century; others are in a ‘design phase’. Still, all of them are a sort of ‘sleeping conflicts’ or ‘clock bombs’, which most probably will be (re)activated when necessary. The ‘triggering’ will take place perhaps when Moldova will undertake more confident and concrete steps towards

a pro-European integration or – subsequently – eventually pro-NATO integration.

The most important ‘sleeping conflict’ in this respect is **Gagauzia**, which in contrast to Transnistria, is not a breakaway region, but an administrative territorial unit (ATU), with autonomy status granted to it back in December 1994. Right now, it is a relatively quiet and unproblematic region in Moldova, which could become under certain circumstances a security issue for Moldova and for entire Eastern Europe.<sup>69</sup> Gagauzia is a region situated in the South-East of Moldova, comprising three rayons (districts), with a surface of 1,8 thousand square kilometers (approx. 4% of the country’s territory). The population of the region is approximately 160 thousand people (around 4% of the total population of the country), the majority of them are Gagauz people (82%), followed by Bulgarians (5%), Moldovans (5%), Russians (4%) and Ukrainians (3%).

Even if since 1994 Gagauzia has been relatively well integrated into the country, it developed close and preferential relations with the Russian Federation and in many cases it ignored Moldovan authorities even in direct discussions with Moscow. Pro-Russian choices of Gagauz people aren’t something new, as Russia has used Gagauzia for geopolitical purposes yet in the period of the Russian Empire or the USSR.<sup>70</sup> For example, the companies in Gagauzia were not affected by the embargoes imposed on Moldovan products by Russia. ‘Russian language’ is ‘lingua franca’ and first language of communication in Gagauzia, which also underlines the close links and commitment to Russia.<sup>71</sup> Besides the preferential economic aspect, as well as the linguistic one, Russia also controls the region using the religious factor: despite the fact that the Gagauz people are of Turkish origin, they are adherents of Christian-Orthodox religion and are part of the Russian Patriarchate. All these aspects have a great strategic impact on (in)security issues of Moldova.<sup>72</sup>

On the one hand, the Gagauz are a people with clear anti-West attitudes, this being manifested especially in the post-2014 period, when Moldova officially pursued the European integration path by signing the Association Agreement. Right after this event, Gagauzia organised a regional referendum, in which 98% of participants indicated that Moldova should

<sup>69</sup> Tony Rinna, Moldova, the EU and the Gagauzia Issue, February 2014, available in English at <https://neweasterneurope.eu/2014/02/14/moldova-the-eu-and-the-gagauzia-issue/>.

<sup>70</sup> Eric Jones, Gagauzia: Eastern European Pressure Point, May 2015, available in English at <https://sofrep.com/news/gagauzia-another-eastern-european-pressure-point/>.

<sup>71</sup> Kamil Calus, Gagauzia: Growing separatism in Moldova?, March 2014, available in English at <https://www.osw.waw.pl/en/publikacje/osw-commentary/2014-03-10/gagauzia-growing-separatism-moldova>.

<sup>72</sup> Robert Schwartz, Vitalie Calugareanu, Gagauzia: A new stumbling block for Moldova, March 2015, available in English at <https://www.dw.com/en/gagauzia-a-new-stumbling-block-for-moldova/a-18333303>.

have tighter relations with the Russian Federation and 97% voted against Moldova closer relations with EU.<sup>73</sup> Even if this referendum was of an advisory nature and without legal coverage, it sent clear signals to authorities in Chisinau. The pro-Eastern preferences of Gagauz people can be seen also in the case of elections. The outcomes of presidential elections in November 2016 point to this: the socialist pro-Russian candidate Igor Dodon accumulated over 80% of votes. The parliamentary elections in February 2019 have also reconfirmed the geopolitical preferences of Gagauz people, as almost 84% have voted for the pro-Russian PSRM.<sup>74</sup>

At present, the Gagauz 'separatism' is in a latent state, which can be reanimated any time by a (im)possible 'unification with Romania' or a 'possible accession' of Moldova to the European Community. This makes Gagauzia not quite like Transnistria, but still an important tool in the hands of Russia for pressuring Chisinau. An armed conflict is almost impossible in Gagauzia. Russia in fact does not need any military button in the case of Gagauzia as there is Transnistria for this purpose. This region – Russia's hook in the South of Moldova – is controlled by Moscow via other buttons (economical, linguistic, religious, political), which in this case are more efficient than the military one.

### Conclusions... and forecasting attempts

In 30 years of its independence Moldova has witnessed a chaotic development, both internally and externally. The internal situation has developed 'in waves/periods' of nine years each, when the 'left' and 'right' parties would alternate in power. It was a 'left' and a 'right' driven exclusively by the 'geopolitical' principle, used by those in power only to promote personal interests of some politicians or interest groups. The history of domestic politics of Moldova – from 2001 until 2019 – developed from 'faked communism', to a 'forced democracy' mainly imposed by external factors/partners, through a period of 'political oligarchy' and coming to a 'faked socialism', which already has the elements of authoritarian governing. In its three decades of existence, Moldova remains the poorest country in Europe, plagued by endemic corruption, with justice and media

subordinated to political control and an economy based largely on consumption rather than production.

Since November 2019, Moldova entered a period of 'leftist' uncertainty, in which the Socialists Party and president Igor Dodon are the ones imposing the country's development vector, both internally and especially externally.

Internally, the presidential elections in 2020 are the main target, most of events will focus on. Igor Dodon – but also PSRM – will cast and play all cards to gain and secure a new presidential mandate, also via a possible amendment of legislation so that the President is elected again by Parliament and not directly by the people as it was until November 2016. To achieve this, the Socialists will need to appeal to the same tactics as PDM during the 2015-2017 period, corrupting some MPs and/or cannibalizing some parties. PDM, will most likely be the 'victim' in this respect, as it seems like it goes through an internal reform which can lead to division of this party into several groups. The stubbornness of PDM not to lose ground is a key element here. However, if this party will give way and tear 'to pieces', there is a big probability for PSRM to increase its control over Parliament. On the other hand, if PDM will stay undivided and will 'purge its ranks', then in several months, until spring 2020, it will probably become again one of the political entities to count in the internal political affairs.

Speaking of the real parliamentary opposition – Bloc ACUM –, then in this case, unity is essential. But, as it seems, it is getting thinner and thinner, with some internal tensions coming to surface. Most probably, Bloc ACUM will get divided and the two founding parties – PAS and PPDA – will pursue separate political careers. This will cause these two political entities and their leaders Maia Sandu and Andrei Nastase to slightly lose popularity.

As to the external vector, PSRM will 'play it safe' in the first period of time or 'on a safe mode', meaning not making any sudden moves in one direction or the other. Even so, almost one month after it took over the total power, PSRM has already set a tendency and made clear the external priority development vector for the future: the Eastern one and getting as close as possible to the Russian Federation.

<sup>73</sup> John R. Haines, Will Moldova Fracture? Considering the Case of Găgăuzia, July 2014, <https://www.fpri.org/article/2014/07/will-moldova-fracture-considering-the-case-of-gagauzia/>.

<sup>74</sup> Radio Free Europe/Radio Liberty, Gagauzia Voters Reject Closer EU Ties For Moldova, February 2014, available in English at <https://www.rferl.org/a/moldova-gagauz-referendum-counting/25251251.html>.

Country reintegration and the Transnistrian conflict are probably the most important and most 'sensitive' and 'unpredictable' aspects of all, especially in the context of presidential elections next summer. The haste and the insistence with which president Dodon tries to find solutions for this conflict can have an impact on Moldova's independence and territorial integrity. Therefore, the vigilance, engagement and monitoring on behalf of opposition and civil society in the discussions, events organised under the umbrella of 5+2 format, but not only, are very important, if not crucial.

## CURRENT POLICY AND REFORM ISSUES IN MOLDOVA

### A focus on the DCFTA and economic developments, migration and mobility, energy security and good governance

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**Abstract:** During the last five years, the modernization process of key policies in the Republic of Moldova (hereinafter Moldova) has been linked to the implementation of the Association Agreement (AA) with the European Union and its fundamental provisions. All six Moldovan governments that have been in place since 2014 have reaffirmed their commitment to develop bilateral and multilateral cooperation with the European Union, built on shared interests and values in such areas as good governance, rule of law, trade, energy, education, research and people to people contacts. The association process with the EU has been perceived as an instrument of capacity-building and brought a number of significant results for Moldovan citizens. Despite certain positive developments implementing the AA, improving sectoral cooperation with the EU, benefiting from EU support and getting economically closer to the EU, the potential offered by the AA and the Deep and Comprehensive Free Trade Area (DCFTA) is yet to be explored. Due to the lack of political will and strong resistance from some political forces, limited progress has been achieved on the value part of the AA, which concerns the institutional resilience, independence of the judiciary and the fight against corruption. In this regard, the public authorities need to address the current challenges through a comprehensive action plan, aiming at depoliticizing the law enforcement bodies and creating new opportunities for Moldova's political and economic partnership with the EU. This paper takes a look at key policy sectors such as trade and economic policy, migration and mobility, the energy sector and takes stock of reforms in the public administration, the state of capacity building, the fight against corruption and the judiciary reform. It closes with suggestions for crucial reforms in all of these areas.

#### Introduction

After five years of AA implementation and ten years since the launching of the Eastern Partnership, Moldova's sectoral cooperation with the European Union has indeed consolidated, in particular in the fields of research, innovation, and education. The benefits were also enhanced by the visa-free regime with the EU, launched on April 28, 2014.

Cooperation in the field of foreign policy and security has been deepened. However, the functioning of democratic institutions, the strengthening of the rule of law and the independence of justice have not undergone clear changes, a fact that severely affected the quality of the EU-Moldova dialogue and restricted the full use of European support.

In June 2019, Moldova has witnessed the establishment of a new governmental coalition, following the parliamentary elections on 24<sup>th</sup> of February 2019. The

coalition, formed by the Socialist Party and ACUM bloc, has been created on the basis of a Temporary Political Agreement, signed on the 9<sup>th</sup> of June 2019. This document emphasized the shared goal of both parts to apply a number of urgent reforms in the areas of justice, fight against corruption, electoral legislation and institution-building. A second political agreement between the Socialist and ACUM has been signed on the 16<sup>th</sup> of September 2019 and has clearly listed the main policy priorities and reforms to be implemented in the following period: reform of the justice courts and a comprehensive evaluation of the judges' activity, election of an independent prosecutor general, investigation of the banking frauds and illegal schemes in the economic sector, reform of the health and pension system, and others.

In the same context, the government, backed by a stable parliamentary majority, has committed itself to relaunch the macro-financial assistance offered by the

European Union and to advance the AA implementation. Between June and November 2019, the EU has offered more than EUR 73 million for the support of sectoral policies and has positively assessed the government's efforts to initiate justice reform and the investigation of the banking fraud. Another strategic partner, the government of the United States of America, has saluted Maia Sandu's pro-active agenda and informed their counterparts about their openness to increase the USAID assistance for Moldova.

In November 2019, however, Sandu's government was toppled by Parliament through a no confidence vote of 63 Socialists and Democrats out of 101 members of parliament. The main reason behind their vote was Sandu's willingness to designate a list of candidates for the position of prosecutor general, after the contest initiated by the Ministry of Justice for this position had been widely manipulated.<sup>1</sup> Sandu's initiative, which was supported by the development partners, triggered a wave of negative reactions from the Socialists. They decided to sack the government, form a new informal alliance with the Democratic Party, and vote a new cabinet of ministers led by Ion Chicu, former counsellor of President Dodon and Minister of Finance in Filip's government (2018-2019).

The government in place is dominated by the Socialists and Dodon's former counsellors. The government's undeclared priority is to assure large visibility and support for Dodon's initiatives ahead of the presidential elections planned for November 2020. However, the sustainability of this government is widely dependent on the Democratic Party, which is in a process of restructuring its internal poles of power.

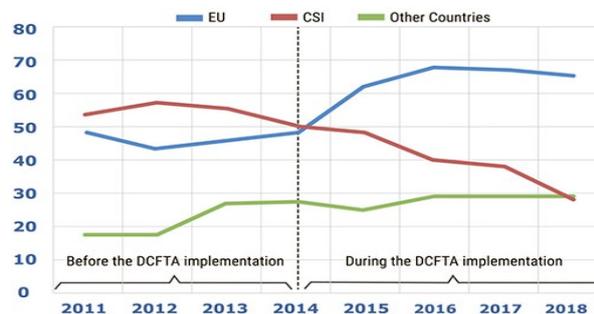
This paper aims to analyse the recent policy developments in Moldova, in the framework of the AA. Namely, the paper will examine the progress obtained by the latest governments, but also the challenges affecting the reform process in four policy fields as described below in the main chapters of the paper. The analysis concludes with a set of key policy recommendations addressed to Moldova, the EU and its member states on how to further secure the internal transformation process within key sectors

such as economic development, mobility and migration policies with the EU, energy cooperation, strengthening good governance in particular by advancing policies in the area of public administration reform, justice and fight against corruption at all levels.

## DCFTA and economic development

The Moldovan economy has widely benefited from the DCFTA between Moldova and the European Union. After five years since its implementation, the net impact of the exports to the EU is estimated at 375 million euros<sup>2</sup>. In the terms of job creation, the free trade area has facilitated the creation of more than 15 000 new jobs, leading to an increase of 5% in budget revenues<sup>3</sup>. The abolition of tariff barriers, together with extension of the quotas for different categories of goods, has strengthened the EU's position as the main commercial partner of Moldova, with about 70% of the exports reaching out to the EU market<sup>4</sup>. In comparison, only 15% of the exports have been directed towards the Commonwealth of Independent States in 2018<sup>5</sup>.

Figure 1 Evolution of exports to the EU, CIS and other countries (2011-2018)



Source: "DCFTA 5 years of implementation, impact and priorities", <https://dcfta.md/dcfta-5-years-of-implementation-impact-and-pro>.

In the last years, active measures have been adopted to facilitate trade and commercial exchanges between the two sides. Namely, the Moldovan government has adopted in December 2017 the National Action Plan for Trade Facilitation in 2018 – 2020<sup>6</sup>, which translates

<sup>1</sup> The pre-selection committee for the nomination of the Prosecutor General was formed by the Minister of Justice, one former judge, one international expert, one professor of law, one civil society expert and an expert designated by the President of Parliament, who is the formal leader of the Socialist Party. The latest one has offered very low scores, in comparison with the other members of the committee, for two candidates from the civil society. As a result, one of these candidates did not pass the selection process. It was a clear evidence of political interference in the selection process.

<sup>2</sup> Institute for European Policies and Reforms, Expert-Grup, Shadow report: EU – Moldova Association Agreement. Five years of

implementation. Progress. Constraints. Priorities, p. 9, <http://ipre.md/2019/10/30/9070/?lang=en>, accessed on 20 November 2019.

<sup>3</sup> Idem

<sup>4</sup> Idem

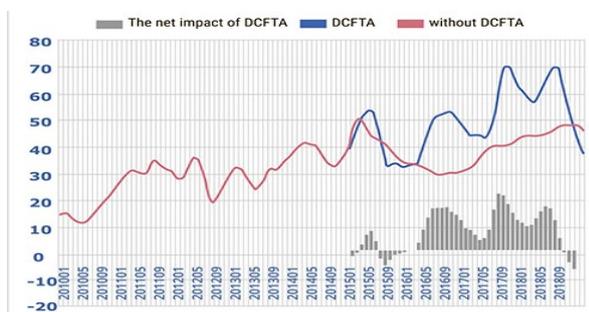
<sup>5</sup> <https://www.expert-grup.org/ro/biblioteca/item/1755-rolul-uniunii-europene-in-stimularea-exportului-din-republica-moldova-estimari-empirice>, accessed on the 22nd of November 2019.

<sup>6</sup> <http://lex.justice.md/index.php?action=view&view=doc&lang=1&id=373269>, accessed on 21st November 2019.

into the national legislation the provisions of the WTO Trade Facilitation Agreement. Furthermore, measures have been taken to improve the transport of goods to the EU through a more transparent and rapid communication with the Moldovan customs. The introduction of the concept of authorised economic operator (AEO), electronic customs declarations, reformation of the institutional capacity of the Customs service and the adoption of a set of measures to protect the intellectual property rights have ensured the harmonization of national legislation in accordance with the EU Acquis.

The trade facilitation has had a direct impact on the level of exports and the development of the internal business environment. One of the key beneficiary sectors have been agri-food products, whose exports have increased by 47% in 2018 compared to 2014<sup>7</sup>. In 2015-2018, exports of agri-food products increased by 820 million USD compared to 2011 – 2014 (+52%)<sup>8</sup>. The main categories of agriproducts which have benefited from DCFTA are wheat (increase by 3.7 times), sunflower seeds (increase by 2.7 times), corn (increase by 1.9 times) and wine and fresh grapes (increase by 1.7 times). The net impact of the DCFTA for the agricultural sector amounted to 475 million euros<sup>9</sup>.

Figure 2 Evolution of agri-food exports during implementation of DCFTA compared to the evolution that could have been without DCFTA (million USD)

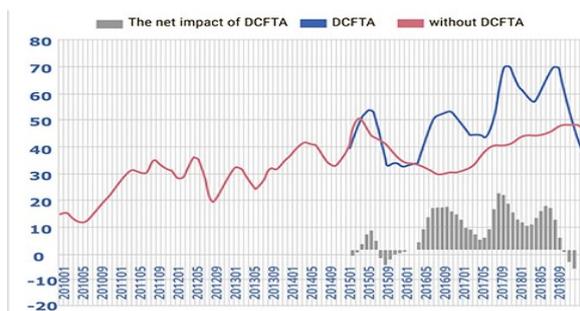


Source: <https://dcfta.md/dcfta-5-years-of-implementation-impact-and-pro>.

Between 2015-2018, the industrial sector registered an increase of 761 million USD or 26% compared to 2011 – 2014. The net impact of DCFTA is estimated at 125 million euros, 3 times lower than the one of agri-

food sector. The increase in exports has been widely influenced by the exclusion of tariff barriers, diversification of markets and the entering of different foreign companies on the Moldovan market, especially in the automotive and textile industries. Over 50% of the industrial exports are labelled as re-exports, given that the raw materials used for their production are not originated from Moldova.<sup>10</sup>

Figure 3 Evolution of industrial exports during DCFTA implementation compared to the evolution that could have been without DCFTA (million USD)



Source: <https://dcfta.md/dcfta-5-years-of-implementation-impact-and-pro>.

The rate of imports has decreased by 4.6% during the period 2015 – 2018 in comparison to the period 2011 – 2014<sup>11</sup>. Most of them (88%) were industrial products, used for the oil, automotive, textile and medicine sectors<sup>12</sup>. The lower share of EU products on the Moldovan market has proved that DCFTA did not create an unbalanced competition between the Moldovan domestic goods and European ones, especially in the agricultural field.

The Transnistrian region is an interesting case when it comes to DCFTA. Considering that it is the only separatist enclave in the Eastern Partnership in which the DCFTA's provisions were applied, the Transnistrian economy became heavily dependent on the exports to the EU market. In 2018, 35% of exports from the region were headed to the EU, while only 10% have reached the Russian market<sup>13</sup>. Moreover, if we also exclude Moldova from the export share of the separatist region (approximately 30%), then the exports towards the EU get close to 50%<sup>14</sup>. Most of the exports are related to the heavy industry and textiles.

<sup>7</sup> <https://statistica.gov.md/category.php?l=ro&idc=336>, accessed on 21st November 2019.

<sup>8</sup> <https://dcfta.md/dcfta-5-years-of-implementation-impact-and-pro>, accessed on 21st November 2019.

<sup>9</sup> Idem

<sup>10</sup> A. Lupușor, DCFTA după 5 ani de implementare: impactul estimat și concluzii pentru următorii 5 ani (DCFTA after 5 years of implementation: estimated impact and conclusions for the next 5 years), p. 13, <https://dcfta.md/uploads/0/images/large/studiul-dcfta-5-ani.pdf>, accessed on 22nd of November 2019.

<sup>11</sup> Ibid., p. 15.

<sup>12</sup> Idem

<sup>13</sup> "SCC: In 2018, the Pridnestrovian Foreign Trade Turnover Increased by 26 percent", *Novosti Pridnestrovyia*, January 19, 2019, <https://novostipmr.com/en/news/19-01-19/scc-2018-pridnestrovian-foreign-trade-turnover-increased-26-cent>, accessed on 21st of November 2019.

<sup>14</sup> Idem

However, both the industrial and agricultural sectors were affected by a number of constraints and challenges. First, half of the exports are concentrated towards a number of countries (Romania, Poland, Italy), which makes the Moldovan trade dependent on the level of demand from those states. Second, while the preferential tariff quotas for agricultural products have increased the overall trade with the EU, most of them are far from being fulfilled by the domestic producers. Only two categories of products (plums and grapes) have exhausted the quotas established within the DCFTA for 2018<sup>15</sup>. The main reason behind the low competitiveness of some Moldovan agricultural goods lies in their lack of compliance with the quality standards requested by the EU market. Third, the lack of institutional capacity in the governmental bodies (e.g. Ministry of Economy and Infrastructure) affects the speed of implementation of certain provisions of DCFTA, especially of those related to the harmonization process of the legislative acts. In these conditions, the added value of DCFTA for the Moldovan economy is still to be fully explored.

The number of enterprises exporting on the EU market has also increased in the last five years from 1018 in 2013 to 1672 in 2018<sup>16</sup>. The profile of these companies varies, most of them being classified as small and medium enterprises, according to the national legislation<sup>17</sup>. Even under these conditions, the big enterprises are the ones benefiting the most from the preferential trade with the EU, because of the existing monopole in certain areas, leverage over the internal regulatory bodies, and wider financial and technical capacity to comply with trade standards. On the other hand, the SME sector, and especially the micro and small companies, are lacking funds and access to the supporting financial mechanisms (grants or loans). Their overall focus is on the regional and domestic market. Furthermore, until nowadays, there is no clear statistical evidence issued by the state authorities regarding the impact of DCFTA on the SME sector (e.g. number of companies, types of exports, partner

countries), which is an obstacle for an in-depth analysis of this topic.

Another important characteristic of DCFTA between Moldova and the EU refers to the fact that it does not limit by any means the trade relations between Moldova and other countries or economic unions. Its provisions are not exclusive and provide additional opportunities for the development of Moldova's external commercial relations. As such, Moldova has agreed a free trade deal with Turkey and is currently in the advanced stage of negotiating a free trade agreement with China. Moreover, after the change of the government in November 2019, the Minister of Foreign Affairs and European Integration, Aureliu Ciocoi, advanced the idea that Moldova could sign a free trade deal with the Eurasian Economic Union<sup>18</sup>, as Serbia did in October 2019.

## Migration and mobility

The emigration process has had a major impact on the social and economic development of Moldova. Throughout the last 28 years, the emigration trends have constantly increased. Nowadays, it is estimated that less than 2.7 million of Moldovans are having a permanent residence in the country<sup>19</sup>. According to unofficial statistics, more than 1 million citizens have emigrated after 1991. If the emigration trends will remain at the same level, it is expected that the population of Moldova will shrink further by more than 20% until the end of 2050<sup>20</sup>.

The high emigration rates are continuously affecting three important policy fields: demographics, labour and education.

First, in terms of demographics, between 2014 and 2017 the migration trends continued to evolve (fig. 4). In 2014, more than 123 000 have crossed the national border, while in 2017 almost 160 000 people have travelled or emigrated for short or long-time periods. The difference between the level of emigration and immigration (Moldovan citizens who returned back)

<sup>15</sup> <https://agrobiznes.md/in-2018-moldova-a-valorificat-cotele-de-export-doar-pentru-strugurii-si-prune.html>, accessed on 22nd of November 2019.

<sup>16</sup> Ministry of Foreign Affairs, "Report on Execution of the National Plan for Implementation of AA Moldova-EU 2017-2019", 2018, <http://www.mfa.gov.md/img/docs/Raport-impl-PNAAA-2017-2019-an-2018.pdf>, accessed on the 21st of November 2019.

<sup>17</sup> Small enterprises are defined as companies which have an average number of employees between 10 and 49, an annual turnover and total assets of less than 1.1 mln. euros each. Medium enterprises are classified as the companies which have an average number of employees between 50 and 249 and an annual turnover and total

assets of 2.2 mln. euros each. Around 97% of the companies registered in Moldova are SMEs.

<sup>18</sup> <https://moldova.europalibera.org/a/interviu-aureliu-ciocoi/30293657.html?fbclid=IwAR3rJM6V1oG7AWb0TmDqUwWuLIUvFaiY9jYWUTaj0mbCgZx5IQatuw61A>, accessed on 22nd of November 2019.

<sup>19</sup> Press release "In the Republic of Moldova live less than 2.7 million people", UNFPA, 2019, <https://moldova.unfpa.org/en/node/41546>, accessed on 23rd of November 2019.

<sup>20</sup> <https://www.moldova.org/prognoza-onu-moldova-in-criza-demografica-populatia-va-scadea-in-jumatate-pana-in-2100/>, accessed on 23rd of November 2019.

has also expanded from 24 000 in 2014 to more than 50 000 in 2017, which proves that an increased number of Moldovans (26 000) decide to leave the country without returning back.

Figure 4 Migration trends in Moldova between 2014 – 2017

Year	Total	
	Immigrants	Emigrants
2014	98 709	123 379
2015	105 600	126 893
2016	107 242	153 184
2017	109 710	159 118

Source: National Bureau of Statistics

As a consequence of the emigration, the average age of the resident population has been constantly increasing in the last five years (fig. 5). The average age of men has grown from 35.7 years in 2014 to 37.0 years in 2019, while the average age of women has expanded from 39.0 years to 40.4 years old.

Figure 5 Average age of the resident population between 2015 and 2019

Year	Total	
	Men	Women
2015	35,8	39,1
2016	36,0	39,4
2017	36,3	39,6
2018	36,6	39,9
2019	36,9	40,3

Source: National Bureau of Statistics

Another negative consequence of the emigration boost is the process of demographic aging. In the last five years, the rate of natality has dropped down by more than 15%, while the rate of mortality has decreased by less than 6%. For example, in 2018, there were around 35 000 new-borns in Moldova and almost 37 300 deceased people, which is a clear indicator of population decline (fig. 6).

Figure 6 Rate of natality and mortality between 2014 and 2018

Year	New-borns	Rate of natality % (per 1000 people)	Deceased persons	Rate of mortality % (per 1000 people)
2014	39 555	14,3	39 555	13,9
2015	39 848	14,4	39 848	14,1
2016	38 454	14,3	38 454	13,7
2017	36 820	13,3	36 820	13,4
2018	37 285	12,8	37 285	13,9

Source: National Bureau of Statistics

Second, the emigration process has had wide repercussions on the labour market. The statistics show a continuous decrease in the number of salaried workers in Moldova, especially in certain age categories: 15 – 24 years old, 25 – 34 years old, and 45 – 54 years old (fig. 7). At the same time, the labour market suffers from a lack of qualified workers in the field of education, transport and telecommunications, health, or agriculture. According to the latest report of the National Employment Agency from November 2019, there were more than 12 400 vacancies in Moldova<sup>21</sup>, while the number of unemployed persons was equal to 38 000<sup>22</sup>. The low wages, informal employment and the poor working conditions are the main reasons behind these discrepancies.

Figure 7 Salaried workers in Moldova between 2014 and 2018

Age range	Year				
	2014	2015	2016	2017	2018
15-24	65 500	59 000	52 300	51 400	54 000
25-34	226 400	215 200	217 200	220 900	209 400
35-44	187 700	189 200	189 000	201 700	207 300
45-54	193 300	194 300	179 600	173 200	171 000
55-64	113 600	118 100	117 700	125 500	122 600
65+	11 000	11 700	12 400	14 300	12 600

Source: National Bureau of Statistics

Third, the educational system had to be adjusted to the demographic changes brought by the emigration process. In the last five years, the number of pupils in schools has decreased by 5% from 353 000 to 334 000,

<sup>21</sup> Data provided by the National Bureau of Statistics, <https://statistica.gov.md/>.

<sup>22</sup> Data provided by the National Bureau of Statistics, <https://statistica.gov.md/>.

while the number of schools was reduced from 1374 to 1246<sup>23</sup>. Most of the secondary and tertiary education institutions lack students. The number of students in the universities has continued to drop in the last six years by 37.7% in comparison to the year 2013<sup>24</sup>.

Another repercussion of the migration phenomenon is the “brain drain” process, which refers to the emigration of well-educated and specialized personnel. For example, in the education system, the number of professors in the primary and secondary schools shrank by more than 10% in the last five years (from 30 834 to 27 657)<sup>25</sup>. The number of doctors per 1000 residents is twice lower (16 doctors) than the average of the European Union (32 doctors)<sup>26</sup>, many of them moving to Romania and other EU countries. If this trend will continue, the Moldovan authorities will have to implement a series of policies for attracting qualified workers from other countries (e.g. from Eastern Europe or Central Asia), in order to fill the empty positions on the labour market.

**Remittances.** In the context of Moldova, remittances are related to the inflows of migrants’ and short-term employee income transfers<sup>27</sup>. In 2018, the level of remittances reported to GDP has been 16.1% (1.83 billion. USD) which places Moldova on the 9<sup>th</sup> place worldwide in this category. Most of the money have been sent by Moldovan migrants living in EU (50%), Russia and CIS (21.2%) and other countries (28.8%, mainly Israel (18%))<sup>28</sup>.

The welfare of the domestic population is partially dependent on the flow of remittances. According to the latest data for 2018, remittances are placed on the third place (15%) in the structure of revenues of the Moldovan residents, following salaries (43.7%) and social care (24.7%)<sup>29</sup>. Moreover, remittances are also used for investments and business activities, playing a relevant role for the consumption level and the inflation rate.

The flow of remittances has continued to drop by 8.5% in the second trimester of 2019 compared to the same

period of 2018<sup>30</sup>, which is a clear indicator of increased second-generation migration. In the next years, we can expect that the leverage of remittances on the Moldovan GDP will gradually reduce. However, this expectation might change depending on the socio-economic developments in Moldova and the attractiveness of the business climate for the emigrants.

## Mobility and the visa-free regime with the EU

The visa-free regime between Moldova and the EU had an important leverage over the emigration rate in the last few years, but also brought tangible improvements for Moldovan citizens. The regime has entered into force on the 28th of April 2019, after 4 years of negotiations between the two sides. It allows the right for short-term stays (up to 90 days) in the European Union for Moldovan citizens who hold a biometric passport. Under the visa free regime, Moldovan citizens are granted visa free travel to 26 countries of the European Union, except Great Britain and Ireland. The same conditions are applied to the Schengen associated countries: Switzerland, Norway, Liechtenstein, and Iceland.

In terms of mobility, the abolishment of visas for the Moldovan citizens travelling to the European Union have increased considerably the cross-border migration flows. Over the past five and a half years, more than 2.1 million of Moldovans have travelled on EU territory, with an average rate of approximately 420.000 people per year.<sup>31</sup> Also, the visa free regime has resulted in a visible increase of short-term travel towards the EU countries. More than 6 million entries of Moldovan citizens have been registered by EU customs authorities in the first five years of visa free travel.<sup>32</sup>

The European Commission’s 2018 Second Report on the Visa Suspension Mechanism highlighted the necessary actions to be implemented by the Moldovan authorities in order to keep in place and strengthen

<sup>23</sup> <https://joblist.md/ro/news/economie/statistica-din-moldova-au-plecat-60-000-de-elevi-si-studenti>, accessed on 24th of November 2019.

<sup>24</sup> Data provided by the National Bureau of Statistics, <https://statistica.gov.md/>.

<sup>25</sup> Data provided by the National Bureau of Statistics, <https://statistica.gov.md/>.

<sup>26</sup> <https://www.investigatii.md/ro/investigatii/sanatate/romania-taramul-fagaduintei-pentru-medicii-basarabeni>, accessed on 23rd November 2019.

<sup>27</sup> Graphical analysis of money transfers from abroad in favour of individuals, October 2019, [http://bnm.md/en/content/graphical-](http://bnm.md/en/content/graphical-analysis-money-transfers-abroad-favour-individuals-october-2019)

[analysis-money-transfers-abroad-favour-individuals-october-2019](http://bnm.md/en/content/graphical-analysis-money-transfers-abroad-favour-individuals-october-2019), accessed on 28 November 2019.

<sup>28</sup> Idem

<sup>29</sup> Data provided by the National Bureau of Statistics, <https://statistica.gov.md/>.

<sup>30</sup> Data provided by the National Bureau of Statistics, <https://statistica.gov.md/>.

<sup>31</sup> Cinci ani de la liberalizarea regimului de vize cu UE (Five years since the liberalization of the visa regime with the EU), <http://border.gov.md/index.php/ro/4670-cinci-ani-de-la-liberalizarea-regimului-de-vize-cu-ue>, accessed on 22nd of November 2019.

<sup>32</sup> Idem

the visa free regime: combat the irregular migration, strengthen border security, fight against high-level corruption, and ensure the impartial prosecution of the banking fraud. While significant efforts have been done to improve the border control, the fight against high-level corruption and the investigation of the banking fraud are still to be addressed through efficient measures (see chapter 4).

Another recent challenge refers to the unfounded asylum applications based on rent-seeking. The asylum recognition rate is around 1.4%, while the return rate is estimated at more than 80% (over 3 800 Moldovan citizens)<sup>33</sup>. These statistical evidences may refer to organized networks of asylum-seekers, whose social and economic welfare does not correspond to the asylum requirements. In order to address this issue, the Moldovan authorities need to consolidate their joint communication efforts with the European counterparts (e.g. Frontex, Interpol, European Asylum Support Office).

### Energy security

Moldova's energy profile is impacted by lack of significant reserves of solid fuels, oil and gas, low hydroelectric potential and a poor framework of alternative supply sources. This exposes a significant dependency on energy imports in particular from Russia (natural gas) and Ukraine, as well as supplies from the Transnistrian region (electricity).

Moldova joined the Energy Community in 2010 and committed to align its legislation with the EU's Third Energy package. This requirement is also provided by the energy sector related commitments in the AA and DCFTA. Although, to a large extent, the EU's 3rd Energy Package was implemented at the level of primary legislation, compliance with these provisions occurs unevenly, with serious delays especially in the gas sector.

The **electricity system** of Moldova operates synchronously with the Ukrainian system as part of the former Soviet Union's United Power System (UPS). This limits the current supply options and exposes the country to very significant energy security risks. Approximately 70-75% of the energy sector equipment is outdated. The gas pipeline losses are estimated at 3.3% in the distribution and 2.3% in

transmission systems. The losses in the electricity distribution networks are averaged to 9%.

The electricity sector keeps on being dependent on energy resources from abroad. The domestic production of electricity represents up to 20% of the national cogeneration capacities (i.e. Termoelectrica, CHP North, hydroelectric power plant Costesti). The remaining part of the demand for electricity is covered by the imported power from the Ukraine and from the Cuciurgan power plant owned by the Russian company Inter-RAO located in the Transnistria region.

The state's company "Moldelectrica" is the transmission system operator in Moldova, which is legally and functionally unbundled from generation and distribution systems. The distribution system operators are the electricity distribution networks RED NORD and RED Union Fenosa which had been owned by the Spanish company Gas Natural Fenosa, but recently were sold (in early 2019) to Joseco Holdings Co., an offshore company registered in Cyprus<sup>34</sup>.

Over 70% of the electricity supply in Moldova is ensured by "Gas Natural Fenosa Furnizare Energie (power supply)" and respectively "Furnizare Energie Electrica Nord (power supply North)", which also were sold to Joseco Holdings Co. Besides, JSC Energocom, state-owned company, is the third power supply company, holder of a license for selling electricity at non-regulated tariffs.

The Moldovan authorities are currently involved in a parallel process aimed at connecting Moldova's power grids to the EU's electricity market. There is a process of initiating an asynchronous connection through Romania, which requires supplementary interconnections to be constructed as well as back-to-back stations to be installed. The projects are aimed to be implemented with the support of the EU, EBRD, EIB, and the World Bank.

As for the **natural gas sector**, Moldova is almost 100% dependent on gas imports from Russia's JSC Gazprom and does not have underground gas storages or LNG facilities. The annual consumption of natural gas in Moldova is around 1-1.1 billion m<sup>3</sup>/year, while the total consumption including the Transnistria region is around 2-2.5 billion m<sup>3</sup>/year. Natural gas is used for 96% of the total production of heat and electricity. Moreover, natural gas is also used for the production of electricity by CHP Moldavskaya GRES from the

<sup>33</sup> European Commission, Report from the Commission to the European Parliament and the Council. Second Report under the Visa Suspension Mechanism, p. 9, Brussels, December 2018, available at <https://ec.europa.eu/home-affairs/sites/homeaffairs/files/what->

[we-do/policies/european-agenda-migration/20181219\\_com-2018-856-report\\_en.pdf](https://ec.europa.eu/home-affairs/sites/homeaffairs/files/what-we-do/policies/european-agenda-migration/20181219_com-2018-856-report_en.pdf).

<sup>34</sup> <https://www.mold-street.com/?go=news&n=9427>

Transnistrian region owned by Russian JSC Inter RAO UES, which is also covering up to 75% of Moldova's electricity consumption.

Currently, the internal activities related to natural gas, such as import, supply, transmission, distribution and cross-border and domestic retailing, is mainly dominated (directly or indirectly) by the JSC Moldovagaz from Moldova, in which JSC Gazprom holds 50%+1 of shares, and is managing 13.4% of its shares belonging to the Transnistria authorities. The transmission system operator (TSO) in Moldova is the LLC Moldovatrangaz, which is a branch of the JSC Moldovagaz. At the same time, Moldovagaz has 11 branches that function as distribution operators and retailers, while another subsidiary company (Chişinău-Gaz) operates the distribution networks in Chisinau.

The first challenge for Moldova is the Damocles' sword in the form of historic debt of the JSC Moldovagaz towards the JSC Gazprom for the natural gas delivered to Transnistrian region, which is currently amounting to over EUR 7 billion. An important limitation of Moldova's energy security derives from the fact that the supply of natural gas, as well as electricity, together with the current infrastructure, corporate structures and supply arrangements are closely linked to the installations in the Transnistrian region, which Chisinau does not control.

Aiming to enhance Moldova's energy security and independence, starting from 2012 the natural gas interconnection with Romania was prioritised. In 2014, the construction of the Iasi-Ungheni natural gas interconnector with Romania was finalised and is managed by "Vestmoldtransgaz". However, the interconnector is not effectively operational until the Ungheni-Chisinau Gas pipeline extension will be built. In 2018, "Vestmoldtransgaz" was privatised by the Romanian company "Transgaz", committing to an investment of approximately EUR 100 million to finalise the construction of the new gas pipeline extension. Its construction has been delayed, however. The next deadline for its finalisation is spring 2020. At the same time, to be fully operational the upgrade of pipeline infrastructure in the North-Eastern part of Romania is still needed.

Another challenge is that the natural gas sector in Moldova is still not fully complying with the unbundling commitment that had to be made by JSC Moldovagaz by 1 January 2020.

On 26 February 2020, the National Agency for Energy Regulation approved the Action Plan for the unbundling of Moldovagaz from Moldovatrangaz until 1<sup>st</sup> October 2020 according to the ITO model.<sup>35</sup>

However, the most pressing challenge for the end 2020 was the expected energy crisis of natural gas, that was due to follow in case of a failure of negotiations between Ukraine and Russia over a new transit contract. Fortunately the crisis was avoided when Russia's Gazprom and Ukraine's Naftogaz signed a last minute deal on 31 December 2019 to ensure transit of Russian natural gas through Ukraine to Europe for the next five years. On the very same day Moldovagaz and Gazprom agreed to prolong the transit and supply contracts for until 31 December 2020.

Otherwise, Moldovagaz managed to take in coordination with Russian, Ukrainian and Romanian natural gas transport operators all measures to ensure the supply of the natural gas in reverse flow from Turk Stream via Romania, using the Trans-Balkan corridor<sup>36</sup> in case Ukraine and Russia failed to agree on the transit. Arrangements with Ukraine and EBRD were made to allow buying and storing natural gas reserves in Ukraine to ensure alternative gas supply to Moldovan consumers.

### Good governance at the core of the Europeanisation process of the Republic of Moldova

Since 2009, Moldova benefited from diverse forms of EU financial assistance within the European Neighbourhood Instruments. The aid management platform of the Government shows that since 2009, the EU has committed over 900 million EUR to the country of which 440 million EUR have actually been disbursed.<sup>37</sup> Compared with the period prior to 2009, the total amount of EU support for Moldova has tripled. In addition to the European Commission, over 360 million EUR of actual support was granted bilaterally by EU Member States via their development

<sup>35</sup> National Agency for Energy Regulation, Press release, 26 February 2020, available in EN at: <http://www.anre.md/en/anre-approved-the-action-plan-on-ensuring-the-independence-of-the-transmission-system-operator-tso-of-natural-gas-moldovatrangaz-2-98>

<sup>36</sup> Moldpres, Moldovagaz, Gazprom to sign agreement on gas supply for three-year term, 11.11.2019, <https://www.moldpres.md/en/news/2019/11/11/19009083>

<sup>37</sup> Aid Management Platform of the Government of the Republic of Moldova, <http://amp.gov.md/TEMPLATE/ampTemplate/dashboard/build/index.html#saved/224>

programmes; and over 570 million EUR in investments were offered by the EIB and EBRD, supporting in particular investment projects of energy and water supplies, waste management, road and railroad infrastructure reconstruction.

Since 2015, the EU started to effectively apply the strict conditionality principle, closely linked to the reform processes' results and respect of democratic principles, rule of law, and human rights. In June 2015, for the first time the EU's direct budget support was suspended due to the lack of progress in the investigation of the banking system fraud. Although resumed in 2016, later in 2017 the EU has cancelled again for the first time the last tranches of budget support for the justice sector due to a failure to implement the Justice Sector Reform Strategy.

As a result of the application of the EU conditionality clause in addition to the suspended budget support programmes, the new EU macro-financial assistance programme worth EUR 100 million in grants and loans remained suspended between mid-2018 and mid-2019 due to Moldova's democracy and rule of law backsliding in particular. In this context, important EU assistance was reoriented to support civil society, independent media, the local authorities responsible for reforms and SMEs, so that they could implement projects that have direct and positive impact on the citizens of Moldova<sup>38</sup>.

Later, soon after the pro-reform government led by Maia Sandu, the co-leader of the ACUM Bloc, was voted to power by the "unorthodox" coalition with the pro-Russian Socialists, the EU assistance was resumed, following the same strict conditionality focussing on progress on the reform agenda. Hence, during July – October 2019, three tranches of EU direct budget support were disbursed to Moldova, amounting in total EUR 53.74 million<sup>39</sup>. The support aimed to help the government deliver key reforms for the benefit of Moldovan citizens in the areas of policing, the fight against corruption and money laundering, agriculture and rural development. Moreover, on the 8<sup>th</sup> of November 2019, a few days before the government of Maia Sandu was ousted by Socialists and Democrats, the European Commission transferred the first

instalment of EUR 10 million from the second tranche of EUR 30 millions of macro-financial assistance.

With the appointment on the 15<sup>th</sup> of November 2019 of the new minority "technocrat" Government of the Socialists supported by Democrats, it is uncertain whether Moldova will continue to receive EU assistance or if it will be again put on hold. The reason is clear. The new government led by Ion Chicu, former economic advisor of the President Igor Dodon and former minister of finance in the previous Filip Government of the Democrats, is still attempting to convince the EU and other international development partners that it will continue the reform agenda and AA implementation.

All development partners are continued to closely monitor the progress on fighting corruption and vested interests, irrespective of the political affiliations; ensuring the independence of the judiciary and de-politicising the state institutions. In particular, the EU has clearly reiterated that the relationship with Moldova will be further based on the principle of conditionality and respect for the rule of law and democratic standards<sup>40</sup>.

Against this background, in the context of the reform process in Moldova, targeting strengthening good governance, further we shall briefly introduce the key developments and challenges of the public administration reform, justice reform, and anticorruption measures.

### Public administration reform

The reform of the public administration registered moderate progress in strengthening institutional capacity, implementing policies, efficient use of budgetary resources and in providing quality services for all citizens. Since 2016, the Government advanced in the implementation of the public administration reform by reorganising the ministries and institutions within their subordination. A special focus of the reform was on the reduction of expenditures for the functioning of ministries and other central administrative authorities.

<sup>38</sup> EU Delegation in the Republic of Moldova, Press-Release, "European Union confirms reduction of financial support due to deterioration of rule of law and democracy in Moldova", 28 November 2018, available at:

"[https://eeas.europa.eu/delegations/moldova/54511/european-union-confirms-reduction-financial-support-due-deterioration-rule-law-and-democracy\\_en](https://eeas.europa.eu/delegations/moldova/54511/european-union-confirms-reduction-financial-support-due-deterioration-rule-law-and-democracy_en)

<sup>39</sup> Press-release, Delegation of the EU to the Republic of Moldova, The EU approves a new package of budget assistance to the Republic

of Moldova to support rule of law and rural development reforms, 31 October 2019,

[https://eeas.europa.eu/delegations/moldova/69734/eu-approves-new-package-budget-assistance-republic-moldova-support-rule-law-and-rural\\_en](https://eeas.europa.eu/delegations/moldova/69734/eu-approves-new-package-budget-assistance-republic-moldova-support-rule-law-and-rural_en)

<sup>40</sup> Press-Release, Statement of the Spokesperson of the situation in the Republic of Moldova, 12 November 2019, [https://eeas.europa.eu/delegations/moldova/70293/statement-spokesperson-situation-republic-moldova\\_en](https://eeas.europa.eu/delegations/moldova/70293/statement-spokesperson-situation-republic-moldova_en)

However, the implementation of the reform of the central public administration was carried out hastily and in a non-transparent manner. The reform aimed to increase the effectiveness and quality of the functions and policy processes in the central public authorities. This was essential in ensuring a more efficient development and implementation of public policies approved by the Government.

The public administration reform will not be completed unless additional efforts are made to strengthen institutions and business processes, both at the level of central and local public authorities.

### Justice reform

The legislative framework in the field of justice has been revised and strengthened, by: approving the mechanisms of evaluation, selection, promotion and sanctioning of judges, including of members of the Superior Council of Magistracy (SCM); the adoption of a new Law on the Prosecutor's Office, with extended powers and increased independence offered to the Superior Council of Prosecutors (SCP); creation of specialised prosecutor's offices (anti-corruption and organized crime); repeatedly revising the provisions of criminal and civil procedural law, to reduce the period of trials. A new map of the courts and a reconstruction plan was approved. The Integrated File Management Program was implemented (IFMP), which allows the concept of random distribution of files to be implemented in practice when cases are allocated to judges; visualisation of data on active and completed cases; implementation of the electronic signature for participants in the trial; presentation in electronic format of the evidence and other materials to the file.

However, the real independence of the judiciary is still to be questioned. It refers to the fact that the judiciary is still lacking a proper process of appointment and promotion of judges and prosecutors, based on merits and integrity. The existence of systemic deficiencies such as excessive political control over the justice sector and selective justice practices undermine the trust in the judiciary and in any positive outcomes of the justice sector reform process.

Numerous reports and individual cases, particularly after 2014, have revealed systemic problems related to the justice sector. Systemic issues related to control over the judiciary, hierarchical subordination in the prosecutors' offices, abundant proof of inconsistency of owned property versus legal income of judges and

prosecutors, have further fuelled the distrust of the population at large.

The integrity and self-management bodies such as the National Integrity Authority in 2016, the ethics, evaluation, selection and promotion committees of the Supreme Council of Magistrates and the Supreme Council of Prosecutors, the judiciary's and prosecutors' inspections have not delivered on their given mandates.

The initiatives of the justice reform initiative of the former Sandu Government targeted evaluation of the judges, prosecutors and other actors in the justice sector, via the creation of an external evaluation and selection mechanism for these professions, the reformation of the Supreme Court of Justice, with an envisaged reduction of number of judges and of competences, as well as the revision of the process of appointment of the Prosecutor General.

The new "technocrat" government of Socialists and supported by Democrats declared that justice reform will still be a priority. In the new political context, which is affected by veto powers of the vested interests, the further implementation of the evaluation and selection of judges and prosecutors may in fact be more damaging.

In the meantime, however the Moldovan government is considering preparing the mechanism for the evaluation of judges, abandoning the external evaluation idea, which also may prove ineffective. A new Justice Reform Strategy is pending to be developed. In the meantime, some legislative amendments to the Law on the Supreme Council of Magistrates were adopted by the Parliament ignoring a set of key recommendations from Venice Commission. The new Prosecutor General initiated a number of actions immediately after his appointment. Among these are (1) checks at the specialized prosecutors' offices and (2) criminal pursuit and indictment of the former chief prosecutor of the specialized prosecutors' office against corruption and arrest. However, no real progress is registered on banking fraud investigations. On the other hand, the criminal case on the alleged illegal external financing of the Socialist Party which was opened in autumn 2019 following a scandalous video leaked to the press was closed.

## The fight against corruption

The National Integrity and Anti-corruption Strategy registered for the years 2017-2020 a moderate progress. The level of perception of corruption in Moldova, according to the Transparency International index<sup>41</sup>, has varied over the last five years - from 35 points in 2013 to 33 in 2018, finally ranking 117th out of 180 states. Thus, in the last five years, the level of corruption perception has worsened, ranging from the lowest - 30 points - in 2016, with a slight recovery towards 2018. At the same time, opinion polls in recent years show that corruption is still considered to be one of the main problems in the society, and most consider it a severe problem.

In the last three years, the Anti-Corruption Prosecutor's Office handled, on average, about 750 cases annually, received from the CNA and about 350 criminal cases initiated as a result of the directly received notifications. Important cases include criminal prosecution on certain episodes of "Russian laundromat" and the "bank fraud"; money laundering cases, including the use of crypto-currency; issuance of manifestly illegal judgments involving five judges, a prosecutor, a lawyer and a doctor; as well as other cases involving persons with public functions.

More information, which became public at the end of August 2019, confirms the existence of criminal cases on behalf of former politicians with a controversial reputation, such as Vladimir Plahotniuc. Two parliamentary commissions of inquiry initiated in June 2019 the investigation of the "bank fraud" and the cases of privatization and/or concession of several public assets. The data presented are inconclusive, as the parliamentary inquiry continues.

Some files involving high-ranking officials and public figures, initiated in 2016, resulted in their symbolic convictions, some of them not being coerced to serve the deprivation of liberty penalties. In other cases ("Șor" case) the trial of the case in courts was delayed, so that, ultimately, the convicted left the territory of Moldova until the decision of the Court of Appeal was issued. This indicates that incumbent vested interests' groups are the real obstacle towards an authentic reform of the judiciary and law enforcement based on democratic and rule of law standards. To address this backlog, the veto powers of the vested interests have to be challenged.

<sup>41</sup> <https://www.transparency.org/cpi2018>

<sup>42</sup> The Russian Laundromat refers to a massive money laundering scheme (70 billion euros) in Eastern Europe, published by a team of investigative journalists. The scheme has been facilitated by a

## Conclusions

Over the last fifteen years, the goal of European integration has dominated Moldova's foreign and domestic policy agenda, although the pace of democratic reforms and the Europeanisation process has often faltered. Since 2009, EU-Moldova relations are shaped by the EU's Eastern Partnership policy. In 2014, Moldova concluded and started the AA implementation, which also includes the set-up of the Deep and Comprehensive free Trade Area (DCFTA) with the EU. The AA frames today not only the relations with the EU, but also Moldova's internal policy reform process. It also includes the necessary conditions for gradual legal approximation with the EU. Despite certain positive developments implementing the AA, improving sectoral cooperation with the EU, benefiting from EU support and getting closer economically to the EU, the implementation of the value-based part of the AA remains a key challenge.

Looking back, the reform process in Moldova has been characterised by two aspects. On the one hand, active steps have been taken to assure the implementation of certain reforms related to social care, trade, energy efficiency, and institution-building. On the other hand, the fields of justice, anti-corruption, rule of law, and good governance have periodically suffered from democratic backsliding and limited progress with regard to the investigation of the key criminal dossiers (the banking fraud, Russian Laundromat<sup>42</sup>, concession of the Chisinau Airport, and political corruption). The lack of political will, but also the risks posed by a fair investigation of these activities for the political establishment, have affected the reform of the justice system, in accordance with the AA provisions.

On the medium to long run, the sustainability of reforms in Moldova will depend on internal capacities of reform elites and other local agents of change to pursue transformation processes and at the same time on the EU's leverage instruments to keep governments accountable and encourage political will for systemic reforms. In this regard, Brussels has to continue to apply strict and smart conditionality. Better targeted and recalibrated according to the performance of the governmental institutions. Furthermore, the EU's focus should further rely on a longer perspective, with tailored assistance for different stakeholders at the local and national level (local authorities, medium and small enterprises, civil society organizations, and

number of Moldovan judicial and bank institutions responsible for the supervision of suspicious bank transactions, which did not react accordingly to the money laundering actions.

independent mass-media). The strong level of inter-connection in the field of trade and mobility should be used as a leverage tool with multiple spill-over effects for Moldovan authorities, but also to bring tangible results for the citizens.

Ensuring energy security of Moldova and reducing high dependency on Russia's energy supplies should be among the top priorities as well. Being member of the Energy Community Treaty since 2010, Moldova advanced in the transposition of the EU's 3rd Energy Package at the level of primary legislation. However, transposition in the secondary legislation and the unbundling in the natural gas sector is still pending until October 2020. The Damocles sword is the historic debt of Moldovagaz to Gazprom from supplies of natural gas to the Transnistrian region, which is currently amounting to over EUR 7 billion. Some progress has been made on alternative roots of supply of natural gas with the EU. However, the operationalisation of the supply from and via Romania is conditioned with the finalisation of the extension pipeline Ungheni-Chisinau (eventually in 2020) and rehabilitation of the gas network grid in the North-Eastern part of Romania. The most pressing challenge for the energy sector, at the of 2019 was the shutdown of Gazprom's natural gas supply to Moldova, which was avoided once Ukraine and Russia reached a last minute agreement on the new transit contract.

Finally, to secure Moldova's democratic transformation process, it is crucial to advance in the strengthening of good governance, in particular by empowering a public administration free from political interference and vested interests, advancing genuine justice reform and ensure an effective fight against corruption at all levels. Ultimately, this should create real preconditions for new dynamics in the implementation of the value-based reforms and thus further advance the Europeanisation process of the Republic of Moldova.

Nonetheless, the open question now is still the so-called "technocrat" government of President Igor Dodon and the Socialists, supported by the Democrats, will be able to make a difference in this regard. The answer remains uncertain, since the previous pro-reform ACUM-led cabinet of Maia Sandu was ousted by the Socialists with the help of former incumbents,

the Democrats, unwilling, if not reluctant to pursue serious value-based reforms.

## Key Policy Recommendations

Against the background of the above conclusions, a set of targeted policy recommendations relevant to four areas presented in the current paper are introduced for further discussion:

### DCFTA implementation and Economic development

- Strengthen the institutional capacity of the national authorities (ministries and agencies) responsible for the implementation of the DCFTA, including with EU's technical and budgetary support.
- Increase the operational and negotiations efforts for including Moldova in the list of third countries which can export animal products on the EU territory.
- Facilitate the financial support for the development of the SME sector through grants and credit lines, both at the EU and national level.

### Mobility and migration to the EU

- Ensure the full implementation of the National Strategy "Diaspora 2025"<sup>43</sup> and develop targeted programmes for attracting investments and business opportunities for the diaspora.
- Make efforts to cooperate with the European counterparts in order to review the asylum procedures for Moldovan citizens in order to assure the fair evaluation of the asylum-seekers and combat the illegal networks of rent-seeking asylum applications.
- To further comply with EU visa-free requirements, Moldovan authorities should step up efforts in order to build a track-record in the fight against high-level corruption, implement the Asset Recovery Strategy, and ensure a thorough, impartial prosecution of the banking fraud, the recovery of the misappropriated funds and bringing all those responsible to justice without further delay.
- Urge Moldovan authorities to facilitate the independent investigation of the money laundering schemes and the recovery of assets,

<sup>43</sup> The strategy "Diaspora 2025" aims at increasing the interaction between the public authorities and the network of Moldovan migrants residing abroad. The actions plan set by the strategy

includes the development of business and employment opportunities, information campaigns, cultural and linguistic programs aimed at Moldovan migrants.

including the banking fraud and Russian Laundromat.

### **Energy security**

- Advance in the implementation of the normative framework as per the EU's 3rd Energy Package, beyond the adoption of the primary legislation, to ensure the sustainability of the projects of diversification of energy sources and of interconnection. The key priority is to fully implement the unbundling in the natural gas sector that is already in delay since 1 January 2020.
- Finalisation of the natural gas pipeline extension with Romania as soon as possible in 2020. This will be an important step of ensuring diversification of natural gas supplies and ensuring greater energy security and independence of Moldova.
- Speed up the construction and rehabilitation projects of power grids (electricity) and inter-connections with Romania (the EU) to diversify alternative sources of supply of electricity.

### **Strengthening good governance: public administration reform, justice and anticorruption**

- Moldova's international development partners should closely monitor and further condition the financial support with practical efforts by Moldovan authorities to fight corruption and vested interests irrespective of the political affiliations, ensuring the independence of the judiciary and de-politicising state institutions.
- Consolidate the strategic framework for the implementation of the public administration reform - the ability of the Government and the Parliament to ensure an open, transparent and inclusive process related to the continuation of the central public administration reform and the start of the reform at the local level are essential.
- Implementation of the procedure for evaluation of judges, prosecutors, criminal prosecution officers and other persons involved in the justice process, in line with Venice Commission recommendations.

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