



# POLICY PAPER

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## Is Moldova Tired of Being the Success Story of the Eastern Partnership?

Anita Sobják

*Despite months of internal political wrangling, Moldova seems to be making steady progress in its Association Agreement with the EU. But the domestic political crisis has revealed many truths about both Moldova's European policy and the EU's transformative power. As such, the road to the EU remains murky as long as several variables remain in place: the ongoing tensions in the governing alliance, lower public support for European integration in Moldova, and Russia's re-emerging leverage via Transnistria. That is why Poland, together with its partners, should look for new ways to keep Moldova as the pacesetter of the Eastern Partnership.*

On 25 June, the EU–Moldova Cooperation Council confirmed the completion of negotiations on an Association Agreement (AA) with a Deep and Comprehensive Free Trade Agreement (DCFTA) component. This means Moldova has managed to finalise the agreements in just three and a half years after they were launched in January 2010<sup>1</sup> (for Ukraine, this took five years)—this despite a months-long political impasse that seemed to jeopardise the run to the finish in the last few metres.

### Five Months of Political Deadlock

In February, Prime Minister Vlad Filat announced his party would leave the Alliance for European Integration, the government coalition since November 2010. Soon after, the Filat cabinet was dismissed in a vote of no confidence because of anti-corruption proceedings involving the administration. President Nicolae Timofti entrusted the same Vlad Filat to set up a new government, yet the Constitutional Court declared him unsuitable because of the corruption allegations. A new government was installed as late as 30 May under the premiership of former Minister of Foreign Affairs Iurie Leancă. The new coalition consists of two of the previous three coalition partners: the Liberal Democratic Party of Moldova (PLDM) and the Democratic Party of Moldova (PDM).

Externally, the new leadership increases optimism since it is led by diplomats of such high international reputation as Leancă himself, Igor Corman, the current speaker of the parliament and Moldova's former

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<sup>1</sup> Once signed, the AA is meant to provide a new contractual framework for EU–Moldova relations, replacing the Partnership and Cooperation Agreement that entered into force in 1998.

ambassador to Germany, and Natalia Gherman, the present Minister of Foreign Affairs and ex-chief negotiator with the EU. But despite the promising façade, domestically the new cabinet is the subject of much consternation for bringing back ministers accused of corruption. Also, the highly politicised division of public administration remains unchanged (major state institutions, such as the ministries and public prosecutors are divided among the parties) hindering the administration's cross-institutional work.

The new governing group has kept in play the bulk of the inter-coalition tensions of the previous two governing alliances, from 2009. The coalition agreement was made possible only out of fear of early elections, which would have been in all likelihood won by the major opposition party, PCRM. Polls from early June show PCRM has as much as 39% popular support, and it is stable, whereas backing for the pro-EU governing alliance is quickly waning or being polarised (12.6% support for PLDM, 8.6% for PDM and 7.5% for the Liberal Party, which is now out of the coalition). Hence the political crisis might only be temporarily over. Following the Eastern Partnership summit in Vilnius later in November, the inter-coalition conflicts can easily resurface, triggering early elections.

## **What the Political Impasse Revealed**

Despite European media easily drawing on alarming parallels, Moldova is still not on par with Ukraine in terms of democratic breaches or the wobbliness between the East and the West. Ultimately the crisis was solved in a democratic manner and the third Alliance coalition is still on its assumed European track. Nevertheless, the crisis revealed how the cross-party consensus on European integration in place since 2009 has changed over time. It is now not just the communist opposition which is ambivalent about the actual benefits of partnership with the EU but also some divergent views have emerged within the Alliance itself. In the end, the apparently superficial pro-European rhetoric was easily shut out by inter-coalition rivalries and personal interests.

Also, the case was telling about the extent and nature of Brussels' commitment to the process. The foreign ministers of some of the Member States, including Hungary and the Czech Republic, as well as the European Commissioner for Enlargement and European Neighbourhood Policy Štefan Füle visited Chişinău to call for a swift and positive solution to the political conundrum. Of course, given the lack of effective tools to constrain the situation other than EU funds and power of diplomatic persuasion, it is difficult to assess to what extent this external mediation really contributed to a solution to the political conflict. At the same time, the EU's handling of the issue also showcased just how determined the EU is to demonstrate its transformative power through the Moldovan case, even to the extent of applying double standards. For the sake of not halting the negotiations on the AA near the finish or risking a political U-turn in Moldova to a less-European direction, the European Commission refrained from decidedly criticising Moldova despite emerging evidence of rampant corruption and grave dysfunction in its political system.

As for the practical consequences of the political conflict, it did not delay the technical aspects of the EU negotiations.<sup>2</sup> Contrary to general belief, it is not the political crisis that caused a delay in the negotiations on the AA, rather vice versa. Once it became clear that the government would not be able to deliver on its promises because of certain technical delays in the bureaucratic negotiating process, frustrations and fears that the Vilnius summit would leave Moldovans with a deep disappointment added to the existing intra-coalition tensions.

However, the political crisis that arose did have a negative impact on the dynamics of reforms in the country, including in its healthcare, legal and educational systems. The lack of progress in these reforms meant that contrary to past years' exemplary disbursement rates of financial assistance from the EU,<sup>3</sup> there

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<sup>2</sup> Following the EU–Moldova Cooperation Council meeting on 25 June, Commissioner Štefan Füle underlined that completion of the AA negotiations demonstrated that cooperation on the ground had not slowed during the political crisis. Cf. "Remarks of Commissioner Štefan Füle following the 15<sup>th</sup> EU–Moldova Cooperation Council," EU Press Release, [http://europa.eu/rapid/press-release\\_MEMO-13-618\\_en.htm](http://europa.eu/rapid/press-release_MEMO-13-618_en.htm).

<sup>3</sup> Up until 2012, budget support, which represents 70% of the EU's financial assistance to Moldova, had record high disbursement rates of 86% to 99.9%. For more, see "Stefan Füle: Moldova has one of the highest rates of disbursement of EU assistance based on results," interview with Moldovan Chancellery, <http://ncu.moldova.md/libview.php?l=en&id=2010&idc=405>.

has not been a single tranche transferred in 2013. While the allocated funds are not lost for good, the real price paid for the long-lasting blockage will be in terms of a loss of goodwill and the genuine support of many EU Member States.

## All Eyes on Vilnius

After the EU–Moldova Cooperation Council meeting on 25 June confirmed the conclusion of the AA negotiations, the agreement is expected to be initialled at the Vilnius summit in November 2013 then signed next year upon completion of all the necessary technical procedures. Following the signing of the AA, its ratification could take anywhere from two to four years, though parts of the DCFTA will already be provisionally in place.

The DCFTA is supposed to integrate the Moldovan economy with the common European economic space by gradually liberalising trade in commodities and services, ensuring the free flow of labour, reducing tariffs and technical and non-tariff barriers, cancelling qualitative restrictions, and harmonising Moldovan legislation with the EU *acquis*. Compared to the current trade regime between the EU and Moldova (via EU Autonomous Trade Preferences), the DCFTA will significantly improve the terms of international trade for Moldova. According to a study sponsored by the European Commission, Moldova's GDP should increase by 5.4% and its exports to the EU by 16.2%.<sup>4</sup> Since the DCFTA has no expiration date, it will also encourage long-term foreign investments. However, there is a certain discrepancy between the political discourse on the future benefits of the DCFTA and what the country can realistically expect from it. There are concerns that Moldova's key income source, the agricultural sector, could suffer losses because of competition.

A further issue to be discussed in Vilnius is the liberalisation of the visa regime. The progress report published in June on the implementation of the second (and last) phase of the Visa Liberalisation Action Plan acknowledges the solid progress achieved by Moldova. As such, the gradual elimination of visas for Moldovans entering the EU is likely to be announced in Vilnius. If so, visa requirements could be lifted at the earliest towards the end of 2014. Since the Commission's assessment is positive and the remaining problems are surmountable by the Vilnius summit,<sup>5</sup> visa liberalisation is an area where the new government still stands a good chance to show tangible results before the summit with minimal efforts.

The question is, what will be the practical significance of lifting the visas. For Moldovans, probably less than assumed. Despite all the scaremongering throughout the EU, the truth is that those Moldovans who intended to live and work in the EU have already found their way there—usually by applying for Romanian or Bulgarian citizenship.<sup>6</sup> At the same time, eliminating visas for Moldovans would have major symbolic

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<sup>4</sup> Trade Sustainability Impact Assessment (TSIA) in Support of Negotiations of DCFTAs between the EU and Respectively Georgia and Moldova, Ecorys, CASE, 14 September 2012, [http://trade.ec.europa.eu/doclib/docs/2012/september/tradoc\\_149933.pdf](http://trade.ec.europa.eu/doclib/docs/2012/september/tradoc_149933.pdf). Alternative estimates of the future impact of the DCFTA on Moldova's economy can be found in V. Prohnițchi, "Strategic Comparison of Moldova's Integration Options: Deep and Comprehensive Economic Integration with the EU versus the Accession to the Russia-Belarus-Kazakhstan Customs Union," Expert-Grup, [www.expert-grup.org/en/biblioteca/item/306-compararea-strategic%C4%83-a-op%C8%9Biunilor-integr%C8%9Bioniste-ale-republicii-moldova-integrarea-economic%C4%83-aprofundat%C4%83-%C8%99i-cuprinz%C4%83toare-cu-ue-versus-aderarea-la-uniunea-vamal%C4%83-rusia-belarus-kazahstan&category=7](http://www.expert-grup.org/en/biblioteca/item/306-compararea-strategic%C4%83-a-op%C8%9Biunilor-integr%C8%9Bioniste-ale-republicii-moldova-integrarea-economic%C4%83-aprofundat%C4%83-%C8%99i-cuprinz%C4%83toare-cu-ue-versus-aderarea-la-uniunea-vamal%C4%83-rusia-belarus-kazahstan&category=7).

<sup>5</sup> Head of the European Union Delegation to Moldova Dirk Scheubel declared that the preliminary conclusions of the evaluation mission in Chișinău to assess the progress of the implementation of the Action Plan on Visa Liberalisation were positive: D. Răileanu, "Cât de aproape este liberalizarea vizelor" ['How close is visa liberalisation?'], Radio Free Europe (in Romanian), [www.europalibera.org/content/article/24938711.html](http://www.europalibera.org/content/article/24938711.html).

<sup>6</sup> Soros Foundations Romania estimates the number of Moldovans who gained Romanian citizenship between 1991 and 2012 was 400,000 and pointed out that some 150,000 more cases are being processed. Officials claim, however, that these numbers are probably much higher. For more, see "Care e numărul exact al moldovenilor care au cerut pașaport Românesc?" ['What is the exact number of Moldovans who applied for Romanian passport?'], interview with E. Tomac, Radio Free Europe (in Romanian), [www.europalibera.org/content/article/24949219.html](http://www.europalibera.org/content/article/24949219.html). As of 2010, members of the Bulgarian minority in Moldova may also obtain Bulgarian citizenship, though lengthy procedures discourage Moldovans from applying. There is no publicly available data on the number of Moldovans holding Bulgarian citizenship since the information is treated as strictly confidential by the Bulgarian Ministry of Justice.

value in terms of precedence, and would form a basis on which all other EaP countries could intensify their claims.

All this means that the AA and visa issues presented at Vilnius will have high political stakes for both sides of the negotiating table: for the Moldovan political elite for reasons of accountability to the electorate (even if there are not early elections, the next parliamentary elections are just one and a half years away), and for the EU for legitimacy in its eastern policy. At the same time, the actual relevance of such achievements for Moldovan citizens will be few, especially in the short to mid-term. Add to this that financial assistance from the EU—by no means negligible—is utilised in a hardly transparent manner. No wonder, therefore, that Moldovans experience and expect few benefits from the integration process, and the 2009 popular impetus is falling in direct proportion to the evaporation of consensus at the political level.

## **How Russia Uses Transnistria to Hamper Moldova's Road to the EU**

No doubt, the five months of political wavering in Moldova ahead of finalising negotiations on the AA provided reasons for optimism in Russia, which is concerned about Moldova's pro-European course. As with all other former Soviet republics, Moldova's Europeanisation is interpreted by Russia as equal to the loss of its own influence. While Moldova presents no strategic interest in terms of its size or economy, its location at the very border of the EU is of key significance to Russia.

While the Kremlin has remained publicly very reserved on the events in Chişinău, it did try to discreetly use an opportunity to discredit the European idea in Moldova. It did so mainly via some "soft" power tools, including debates about the perspectives for Moldova's Eurasian integration that were initiated by Russia-backed civil society actors and a concert of Soviet patriotic songs organised by the Russian embassy on the capital's main square on Victory Day (9 May) in 2013.

A further tool is re-instigating tensions between Chişinău and Tiraspol. The recent twists and turns in Transnistria's internal and foreign policies has certainly paved the way for this. In 2011, the 20-year-long autocratic tenure of Igor Smirnov was brought to an end by the election of the ostensibly more moderate Yevgeny Shevchuk as the new head of the unrecognised state. As high as hopes were for some degree of détente, they were crashed in the second half of 2012 as Shevchuk's space to manoeuvre was significantly reduced by Moscow. The renewed external pressure bore quick fruit for Russia: the official Foreign Policy Concept of Transnistria adopted in November 2012 declares integration with the Russian Customs Union a core priority, accompanied by the development of allied relations with the "fraternal peoples" of fellow separatist republics in Abkhazia, South Ossetia, and Nagorno-Karabakh.

This rapprochement by Russia and Tiraspol quickly translated into higher tensions between Chişinău and Tiraspol, both at a political level and on the ground. In April, there were clashes in the Moldovan security zone between residents of the government-controlled village of Varniţa and Transnistrian authorities over newly installed checkpoints between the village and the city of Bender.<sup>7</sup> On 10 June, a so called law on the state borders of Transnistria was issued by Tiraspol, resulting in heavy protests in Chişinău. The dynamics of the high-level political dialogue also fell back to its pre-2011 levels, and this year's two meetings held in the "5+2" format<sup>8</sup> also saw a cooling of the dialogue. The one in Odessa held on 23–24 May had particularly negative emotions on display, and the only positive development that resulted was of little meaning to the overall conflict-resolution process: an agreement to dismantle a cableway across the Dniester River that posed a hazard to public health and was a security threat.

But what sort of impact will these developments have on the European integration process of Moldova? In the short term, with the political crisis now over, Transnistria remains the primary tool for Russia to hinder Moldova's association process with the EU. Hence, a further increase in pressure in the run-up to

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<sup>7</sup> The Tiraspol leadership unilaterally set up two control points in the village of Varniţa, normally under the administration of Chişinău, as well as in the city of Bender in Severni district.

<sup>8</sup> The "5+2" format comprises Moldova, Transnistria, the Russian Federation, Ukraine and the OSCE as participants, with the U.S. and EU as observers.

the Vilnius summit should not come as a surprise. In the long run, if the EU decides to open up for further enlargement, Moldova might come to a crossroads: a choice between the EU or Transnistria.

## **Recommendations**

With the domestic political crisis at least temporarily over, the road is now open for the Moldovan political elite to intensify efforts and make up for losses in both image and the reform process. Against this background, Poland, a major champion of the EaP and increasingly more involved in Moldova, should take full advantage of the remaining time until the Vilnius summit, less than half a year. On one hand, it should release the potential of its bilateral relations with Moldova, whilst on the other it should invest more energy in pushing for various multilateral vehicles for progress with Moldova. There are a number of possibilities in this respect.

### *Do Not Let Ukraine Overshadow Moldova*

While most Member States see the success of the Vilnius summit dependent on signing the AA with Ukraine, they should not put all their eggs in one basket. As Ukraine's chances to gain the signature wanes, Moldova is almost sure to have its AA initialled, meaning the latter should receive more attention. At the end of the day, this achievement could still be sold as a success story of how a country's EU prospects overcame domestic political conflicts. Also, even if hopes for Ukraine do not materialise in Vilnius and 2014 brings a shift of focus from the EU's foreign policy to internal affairs (European Parliament elections and the expiring mandate of the current European Commission), the EU's eastern endeavours should not completely fall off the agenda. Moldova will be there to pull the EaP by moving further towards signing the AA in 2014 and progressing with visa liberalisation.

### *Palpable Short-Term Incentives for the Public*

Even in the best-case scenario, that is, initialling the AA in Vilnius and giving a green light to gradual visa liberalisation, the wider public will sense little to no immediate benefits of such political progress. Moreover, the DCFTA will result in some burdens for the Moldovan economy that are likely to further disappoint its citizens. In order to counteract indifference and disillusionment with the EU, new channels of addressing the people directly should be launched. At their heart should be making available a greater proportion of EU financial assistance for public use (rather than targeted towards the state budget) and laying the groundwork for people-to-people contacts, the linchpin of success of the dialogue at all levels.

### *Stronger Coalition of EU Member States for Moldova*

While the number of genuine promoters of Moldova is still rather moderate, this circle of supporters should be widened and strengthened. Those Member States that support the country's integration with the EU should not be dissuaded from cooperation with it as a result of its recent political crisis. Rather, this experience should be utilised to recognise and acknowledge the Achilles heel of the Moldovan political commitments and capacities highlighted by the crisis. Also, it can serve as a warning that the EU needs to conduct a regular dialogue not only with the government coalition members but also the main Eurosceptic force, PCRM. Contrary to common perceptions, the PCRM is not in essence a pro-Russian party, yet by disregarding it the European partners may be pushing it in this very direction.

Poland should seek cooperation with the traditional champions of the Moldovan cause. Romania, after an overall slowdown in its external policy dynamics because of its own internal political discord in 2012, is now ready to again pay more attention to Moldova—one of the main pillars of its foreign policy. Germany, known as a traditional supporter of Moldova, sees the country more and more through the lenses of its relations with Russia and has lost some of its goodwill as a result. Since Germany is usually open to Polish expertise on eastern matters, Poland should advocate for Germany to once again offer its political backing to Moldova.

Prompting the V4 to increase its efforts in the EaP, and more specifically in Moldova, is also necessary. Despite all of their claims, the Visegrad states are not working together on the EaP apart from the International Visegrad Fund's undertakings in the region, which are individually significant yet moderate

overall. The V4 has three available channels to leave its mark on Moldovan integration: financial aid, sharing experiences, and joint political support in the EU. None of the Visegrad states counts as a major financial donor, and they also are inclined to compete rather than cooperate when it comes to awarding aid. Sharing transformation experience with Moldova is a well-beaten track and should be followed up. There is more added-value that could and should be used by the V4, and this is in stepping up to the European negotiating table together, both before and after Vilnius.

Poland should also continue its undertakings to further mobilise less-interested Member States in the debate on Moldova. The idea of joint visits to Chişinău with representatives of Member States whose trust is still to be won has proved worth the effort, for instance with the February visit of the Polish, Dutch and English ministers of foreign affairs.<sup>9</sup> Further visits in similar setups could be undertaken with such EU countries as Spain, Italy, Portugal and France. All of these states are at best indifferent towards Moldova's integration into the EU. However there are multiple arguments that could be better capitalised on to increase their interest, including cultural proximity—the so called Latin card—which Moldova could better play with some encouragement, or the issue of the masses of Moldovan migrants to these countries (with more progress in reforms in Moldova there would be less need for economic migration and better possibilities to cooperate with Moldova on formalising the work and residence statuses of Moldovan immigrants in the EU).

### *Comprehensive Policy Review of the EaP after Vilnius*

While bilateral engagement of veritably committed Member States seems to bear far more practical effects than an underfunded umbrella project such as the EaP, this multilateral approach must be carried on after Vilnius in order to keep the EU's attention on the region. Also, for a small country like Moldova, the EaP offers a significant amount of visibility. It is thanks to the EaP that the Moldovan efforts caught the EU's spotlight, and as it became a *wunderkind* of the EaP, Moldova gained much more support from the Member States than its geopolitical significance would justify.

The Lithuanian presidency of the European Council, in aiming to bring back attention to the eastern neighbourhood, can provide a good platform for launching a debate on EaP reform. Intense brainstorming with the participation of the EU institutions, national ministries of foreign affairs and independent experts should identify new areas for discussion. With a visible decrease in motivation and lack of progress demonstrated by the EaP states, the reform process should consider further differentiating the EaP's approach from other EU tools. Doing so would ensure streamlining actions and resources on target countries with the highest potential, rather than dispersing the EU's efforts. For countries with an obvious lack of commitment (such as Azerbaijan and Belarus), new policy incentives need to be worked out, whereas for those with a visible pace of development the current strategy needs to be optimised. Crucial measures for the latter include, for instance, improving reform monitoring systems and the utilisation of EU financial assistance. Bearing in mind its present arc, Moldova would certainly have to be placed in the basket of the most advanced EaP states.

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<sup>9</sup> The scope of the joint visit was to reconfirm the three states' support of Moldova and to offer the UK insight into the situation in Moldova. While Poland and Sweden are among those most involved in the eastern neighbourhood of the EU, this was the first such high-level visit in British–Moldovan relations.