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Moldova, a Major European Success for the Eastern Partnership?

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SUMMARY Moldova is about to hold general elections again after those of April and July 2009. The political system entered into political crisis as it was unable to elect a president over the past year. However, Moldovan authorities have not missed the opportunity to launch a large set of political and economic reforms. Moldova is now experiencing dynamics which a priori appear positive but which have to be confirmed in the long run. Despite its rather turbulent political landscape, the Moldovan regime now seems to be relatively pluralist and progress has been made notably with regard to the freedom of information. Moreover, relations with the European Union have strengthened to the point that Moldova has seemingly become a test country for the Eastern Partnership. The negotiation of an Association Agreement is now on-going. Finally, the Transnistrian conflict, which has remained for many years in stalemate, meets a rising interest on the part of Europeans. A changing international landscape, such as an in-the-making rapprochement

INTRODUCTION Moldova, a tiny country sandwiched between Romanian and Ukraine, was neglected for a long time after its independence in 1991. This post-Soviet country has been torn between Romania and Russia over the last two centuries. The country had to face many major issues after its independence: economic collapse, massive emigration, lack of settlement to the Transnistrian conflict, etc. However, Moldova has known nearly a decade of high-rate GDP growth driven by remittances. In spite of a severe recession in 2009 (-6.5%), the country now seems to be experiencing favourable dynamics both in economic and political terms. One of the reasons is the Eastern Partnership, a political cooperation agreement launched in 2009. It is a specific policy for six former Soviet States (Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine), with Moldova being probably the most promising case. Moreover new perspectives for the settlement to the Transnistrian conflict are emerging thanks to a noticeable rapprochement between the EU and Russia.

These dynamics are still fragile but the European Union has undeniably and more than ever before an opportunity to stimulate on-going changes in Moldova. The EU's success in Moldova can be assessed

according to three main objectives: stability, prosperity and security. We should therefore understand the present political context before taking into consideration the various stakes of European integration, and then evaluating the perspectives of a Transnistrian conflict settlement.

A more Pluralist Regime but a Fragile Coalition

Moldova's present political regime is certainly the most open in the post-Soviet area apart from the Baltic States. Hence several incumbent presidents quit their office after an electoral defeat (Mircea Snegur in 1996 and Petru Lucinschi in 2001), which shows that alternating change of power is possible through democratic means. The Head of state has faced influential opposition forces either in Parliament, within the institutions or within society [1].

Overall, Moldova's democratic trajectory has been strongly influenced by several factors. At the beginning of the 1990s, the country's economy remained largely agricultural and the share of rural population remained high. This agricultural sector suffered from a low level of productivity, and was still largely oriented towards the Soviet markets. The lack of a solid industrial base and adequate infrastructures

1. About the idea of "pluralism by default", see Lucan Way, "Weak States and Pluralism: The Case of Moldova", *East European Politics and Societies*, vol.17, no3, summer 2003, p.454-482.

explains endemic poverty. Moldova experienced several major economic crises, first in the initial years (transformation crisis), second in 1998 (side-effects of the Russian financial and economic crisis) and in 2009 (collapse of markets and remittances). Chronic under-employment has led to massive emigration, there are between 600,000 to one million Moldovans abroad, i.e. between a quarter and a third of the working population; remittances represented up to 36% of the GDP in 2008, an impressive figure. Remittances contributed to an over-evaluation of the national currency, the lei, with damaging consequences for exports. This emigration has many socio-economic effects, such as the destructure of families since many parents left to work abroad without their children. On a political level, Moldova had no democratic institutional model on which it can rely, unlike the Baltic countries which had already enjoyed independence during the interwar period. The debate over national identity has played a major role since independence: the Romanian speakers of Moldova see themselves as 'Romanian', or as 'Moldovans'; by choosing either one or the other means taking a stance in the political debate: there is a rift between rightwing parties which are rather pro-Romanian and leftwing parties which tend to be pro-Russian – this distinction shows that we should not apply Western European criteria to distinguish the right and the left. In addition to this question concerning the majority population, Moldova has several minorities: Russian (and more widely, Russian-speakers), Ukrainian, Gagauz (Christian Turkish speaking), Roma, Bulgarian, etc. Relations between the majority and the minorities (often Russian-speaking) are now relatively secondary in terms of daily concerns (although some occasional clumsy declarations may rekindle tension). This overview would of course be incomplete if we did not include Transnistria, a secessionist territory in the East of Moldova, which wants to remain within the Russian fold and whose status within Moldova still has to be defined.

For eight years (2001-2009) Vladimir Voronin was both the president of the majority party, the Party of Communists of the Republic of Moldova (PCRM), and also President of the Republic. Although he could not run for President, general elections occurred in April

2009 with his party as one of the main protagonists. After the elections of April, 5th, the Communists officially won 60 seats, in comparison with 41 for the opposition (49.48% of the vote). However, the communists missed one deputy to elect the President since the constitutional reform of July 2000 turned a semi-presidential regime into a parliamentary one in which the president is elected by a 3/5th majority, i.e. 61 out of 101. In the beginning the international observers who monitored the electoral process made a positive assessment of the elections. However, presumptions of fraud provoked a wave of protests by many young people in Chisinau and in other towns, a phenomenon known as the "Twitter Revolution"[2]. On April 7th, at the climax of the crisis, part of the crowd set fire to parliament and destroyed the Presidency. This political turmoil might have remained a sporadic incident reduced to silence by the authorities if only one member of the opposition had defected. Unexpectedly, none of them gave the communists the missing "golden vote": Communist candidate Zinaida Greceanii was rejected, making it necessary to convene new general elections. Rather than fragmentation, the opposition parties were in the process of creating the "Alliance for European Integration" (AEI). In the new general elections of 29th July 2009, the AEI won 53 seats (against 48 for the PCRM), which was not enough to elect Marian Lupu, the Alliance candidate, who had earlier quit the PCRM for the Democratic Party after the events in April. Since the Parliament could not be dissolved a second time in the same year, elections were postponed until 28th November 2010. The failure of the political system to elect a president left the country in a situation of constitutional crisis with an interim President. However, it did not prevent the other institutions from functioning normally.

On the eve of the new general election, the coalition finds itself in a difficult position since it has suffered from internal divisions with regard to international, socio-economic and also historical issues. In addition, the failure of the referendum (on the election of the President by direct universal suffrage) on 5th September 2010 because of inadequate turnout has soured relations. Indeed, every member of the coalition hoped to take first position within the AEI in

2. See Nicolae Negru et al., *Twitter Revolution. Episode One, Moldova, Chisinau, ARC, 2010.*

order to gain more power and more key positions. The AEI is composed by four parties. The Liberal Democratic Party of Moldova (LDPM) led by Prime Minister Vlad Filat has many executives and holds a good number of ministerial posts. It is the most popular party in the coalition. The Liberal Party (LP) is led by the leader of the Parliament and interim President of the Republic, Mihai Ghimpu; the most charismatic person in the movement is the current mayor of Chisinau, 32 year-old Dorin Chirtoaca. The Democratic Party of Moldova (DPM), a member of the Socialist International increased its audience significantly between the two elections in 2009 due to an alliance with Marian Lupu. The fourth party has no guarantee in its quest for gaining seats in the next Parliament ("Our Moldova" led by Serafim Urecheanu) [3]. We might expect the LDPM and the DPM to each gain between 15 and 20% of the vote and the PL around 13%.

Out of power since July 2009, the Communist Party is ready for the election on 28th November in which it can hope to obtain nearly 35-40% of the vote. The rejection of the referendum on 5th September owes of course a great deal to the population's de-motivation and lack of understanding of the political stakes, but also to an effective boycott campaign undertaken by the Communists in rural areas. However although it is likely to remain the leading party in terms of popular votes, it will be difficult to find any post-electoral allies due to its isolation within the Moldovan political system [4]. Moreover it cannot present its leader, Vladimir Voronin, in the presidential election and his potential successors are less popular (Zinaida Greceanii), or are not yet old enough (40 years) such as Igor Dodon.

The general elections of 28th November are therefore taking place within the context of a polarised country, notably after the events of April 2009 which left their mark in the public opinion [5]. If no majority is found to elect the President by the 3/5th majority, the mostly likely scenario would be a constitutional change that aims to reduce the threshold to 52 MPs. The modification may find support in the PCRM ranks, where people openly favour such an option.

Progress in Moldova's European Integration

Moldova has remained on the sidelines of European integration for a long time: the Partnership and Cooperation Agreement, signed in 1994, only entered into force in 1998. It joined the Stability Pact for South East Europe at a late stage and without any promise of a future enlargement, contrary to other countries. However, at an early stage, Moldova integrated the European Neighbourhood Policy (ENP) and signed in 2005 an action plan that aims to foster political and economic reform. Given the mitigated results with regard to its application and in response to the project Union for the Mediterranean (UPM), the Poles and Swedes suggested the creation of the "Eastern Partnership". According to the countries of the Visegrad Group, this policy aims to differentiate "European neighbours" from the "neighbours of Europe", which means the development of a new framework of relations for six countries: Ukraine, Belarus, Moldova, Azerbaijan, Armenia and Georgia. Moldova has been negotiating an Association Agreement since January 2010 that is about to redefine relations between the two partners. The Moldovan authorities communicated their mid-term priorities in the report "Rethink Moldova" published in March 2010 which had a favourable reception in Brussels. Among the various priorities two major stakes stand out: the negotiation of a deep and comprehensive free-trade agreement (DCFTA) and an agreement on visa liberalisation.

The main challenge of a DCFTA between the EU and Moldova is not to decrease customs duties, but to improve Moldova's integration of European standards, in terms of sanitary or phyto-sanitary standards, intellectual property rights, State subventions, calls for tender, etc. Indeed the high level of economic integration offered to Moldova requires legislative harmonisation based on the "acquis communautaire", and effective implementation. However, this adaptation has so far only been partially achieved by Moldovan economic players – both public and private. The introduction of such an agreement will necessarily lead to competitive pressure in Moldova whose trade balance is already heavily in deficit. In the meantime, this also provides an opportunity to improve

3. A survey by the Sociological and Marketing Research Institute 'CBS-AXA', published on 4th November forecasts the AMN with 2%. However this party may achieve 4% if we consider its strong territorial organisation in rural areas as well as the fact that it is generally underestimated in the polls.

4. The previous allies to the PCRM, the Christian Democratic People's Party (CDPP) no longer have any electoral influence. An alliance is only possible with part of the DPM, which aligns itself with former party chair Dumitru Diacov. The rivalry between Marian Lupu and Vladimir Voronin makes an alliance with the DPM and the PCRM extremely hypothetical.

5. According to a poll undertaken by the Institute for Public Policies in Chisinau published in May 2010, 41% think that it was a coup d'état, while 41.8% think that the demonstrations – at first peaceful – became chaotic and then violent. Only 1.5% thought that the party in power organised the events itself. In addition to this 28.2% thought that the PCRM was responsible for the events, against 27.1% who thought it was the opposition and 5.2% foreign countries.

the business climate, to enhance the banking and finance sector, to change informal institutions and to achieve more international investments. In order to benefit optimally from such an agreement, the Moldovan authorities have to invest in infrastructures and logistics: for the time being the country is simply ranked 139th out of 139 in the world with regard to the quality of its roads according to the *Global Competitiveness Report* [6]. Only in-depth administrative reform involving greater transparency, a simplification of administrative procedures and a fight to counter corruption might enable Moldova to benefit wholly from the DCFTA. Although the re-orientation of Moldovan foreign trade towards Europe is real – since the European market now represents more than 50% of Moldovan exports, it is undoubtedly still incomplete. Indeed, new economic players export to the EU: while the textile sector represented less than 10% of exports at the end of the 1990's, its share has now more than doubled (22.7% in 2008). Because of the low cost of labour and its position outside of the major urban production areas, textiles could be one of the major winners of the DCFTA. The conclusion of such an agreement should in any case enable Moldova to improve its position within the European geo-economic area.

Another vital stake in the Association Agreement will be the facilitation of the circulation of Moldovans in the EU Member States. Similarly, the Moldovan state should guarantee them access to adequate information and social assistance. Indeed after its independence Moldova became a labour emigration country since between a quarter and a third of its working population is estimated to be working abroad: the transfer of funds represented only 5% of the GDP in 1996, in comparison with 36% in 2008 before declining because of the crisis. Although the flow of migrants initially turned to Russia (and above all Moscow), there is now an increasing number of Moldovan citizens in Italy, and to a lesser extent Spain, Portugal, Greece and France. The growing number of Moldovans in the EU and their importance for their country of origin encouraged the "Justice and Internal Affairs" Council of Ministers of the EU to adopt a decision that aimed to initiate dialogue between two pilot countries – Moldova and Cap Verde on 6th-

7th December 2007 in order to establish a "mobility partnership agreement". The published objective of the EU-Moldova agreement signed on 5th September 2008 comprises the facilitation of legal migration including circular migration and at the same time it intends to prevent and counter illegal immigration. From this point of view visa dialogue, launched in June 2010, which was set to examine the long term conditions for establishing a visa-free regime is a real diplomatic success for Moldova. On 25th October 2010 the Commission was invited by the 27 EU Foreign Ministers to set out a detailed action plan in order to achieve this objective.

Apart from the tangible progress witnessed in terms of European integration, it also seems appropriate to observe the Transnistrian issue, which can now be seen in a new light.

The Transnistrian Conflict, an Inevitable Transition for Greater Security in Europe?

For a long time, the Transnistrian conflict was considered relatively insignificant; it now appears in a different light as security institutions are being redefined in Europe.

Transnistria is one of the four post-Soviet pseudo-separatist States, with Abkhazia, South Ossetia (Georgia) or Nagorno Karabakh (Azerbaijan). This territory of 4,163km² and half million inhabitants located in the East of Moldova seceded in 1990 under the leadership of Igor Smirnov, who is still president of the non-recognized entity today. The region suffered from conflict in 1991-1992, leading to the death of around one thousand people until a cease-fire was set by Russia, which was already present with the 14th Army. In 1993, the OSCE established a mission in order to negotiate a pacific settlement to the conflict, thereby consolidating Moldova's sovereignty and simultaneously finding a special status for Transnistria. But the multilateral negotiation structure, which includes Russia, Ukraine, Moldova, Transnistria and the OSCE, did not achieve what was expected although the USA and the EU became observers afterwards. The separatists have benefited from various types of support from Russia (in military, diplomatic, political or economic terms), even though Moscow hesitates between two different strategies – one aims

6. As regards other relevant indicators, Moldova ranks 119th in terms of infrastructures generally, 124th for the quality of its ports, 109th for its air infrastructures and 67th for its railways. The *Global Competitiveness Report* 2010 – 2011.

to increase its influence in Moldova and on the other to enhance Transnistria's independence. During this period, the Transnistrian elites have grown wealthy thanks to "contraband capitalism" [7], i.e. the creation of an economic system based on the illegal transport of merchandise or people thanks to a lack of international recognition (and the responsibility which goes with it).

The European Union, which was aware of the lack of real negotiations in the field - a situation that satisfied a certain number of key players in Transnistria and beyond - took a serious interest in Transnistria as of 2003, the year that the Kozak memorandum, a Russian project to settle the conflict, failed [8]. In February 2003, the European Union established a list of 17 Transnistrian leaders who were then banned from travelling in the EU territory. In 2005, it stepped up its involvement thanks to the appointment of a Special Representative, Adriaan Jacobvits de Szeged (replaced in 2007 by Kalman Miszei), responsible for helping to settle the conflict. EU's most interesting initiative with a view to a settlement lays in the EUBAM mission (European Union Border Assistance Mission) initiated in 2005. The rationale behind this civil border monitoring mission lies in bringing Transnistrian economic circles closer to Europe since they are increasingly turning their attention to the European internal market.

Since the risk of regional rebellion was limited for a long time, Transnistria was considered as a separatist conflict of secondary importance in comparison with other post-Soviet conflicts. But Europe's security is being influenced at present by a three-fold transformation: the American 'reset policy' towards Russia that decreases the level of regional tension; the improvement of Russian-Polish relations in the wake of the Smolensk disaster in April 2010 - even though joint achievements are still modest; finally after the election of Viktor Yanukovich in February 2010 Ukraine and Russia again fell back into each other's favour. This series of readjustments is not without influence in terms of EU-Moldova relations: it is in this context that Germany's diplomacy that will sit on the UN Security Council recently brought the Transnistrian issue back to the top of bilateral discussions with Russia. Indeed during their mee-

ting in Meseberg in June 2010, Angela Merkel and Dmitri Medvedev evoked the possibility of creating a positive precedent in exchange for the creation of a joint EU-Russia Council on security and the issue of abolishing visas. Transnistria was also a central feature of the trilateral meeting between Germany-France-Russia in Deauville on 18th and 19th October last. Of course Russia will only foster a settlement under certain conditions - be it political, (what kind of autonomy for Transnistria?), military (how will the 14th Army withdraw, what possible transformation will there be in the Russian mission and what kind of regional balance of power will there be?) and economic (what advantages should be given to the region, what guarantees for the investments made?). Nevertheless the settlement to the Transnistrian conflict would enable Russia to restore its international respectability, acting as a responsible power in the area and not just a coercive player. Conditions for long term reintegration between Moldova and Transnistria have certainly never been so close to a conclusion since independence; however it would be naive to think that settlement will occur easily, since many obstacles could arise to destroy the process. The results of the Moldovan elections on 28th November, as well as the results of the Transnistrian elections on 12th December will be of great importance.

The forthcoming weeks and months will be decisive for Moldova and several indicators will give us the extent and sense of the on-going changes.

Firstly, questions are being raised about political changes: the general election on 28th November is important because it will define the balance of power between the AEI and the Communists and also within the AEI. It remains to be seen whether it will lead to the establishment of a clear majority so that a president with a mandate can be elected. This will help to confirm the progress seen since 2009 - for example in terms of freedom of information. The final result will show that deep divisions - economic, social and political - still exist in the country.

7. Florent Parmentier, "Construction étatique et capitalisme de contrebande en Transnistrie", *Transitions*, Vol. XLV, n°1, pp.135-151

8. The Kozak Memorandum (named after the Russian negotiator) planned for the settlement to the Transnistrian conflict via the creation of an asymmetrical federation. Several criticisms were made of the text: it left many conflicts of competence pending due to the unsatisfactory distribution of power whilst it allowed Russian troops to station in Moldova until 2020. It was presented in mid-November 2003 by the Russian authorities, but Vladimir Voronin finally rejected it just before its official signature.

Moldova, a Major European Success for the Eastern Partnership?

The second question involves Moldova's place in the European arena which is undergoing striking developments. Its modest size, its trade orientation, its geographical proximity to the EU, the consensus within public opinion and the political elites in support of the EU, the fact that it already has a Romanian translation of the *acquis communautaire* makes it a test country for the Eastern Partnership. Once a

symbol of Romanian-Russian power struggles, Moldova might now be able to take advantage of the fact that it is an easier area for EU-Russian entente. Developments in Transnistria should therefore be watched closely over the next few months.

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