Introduction

The European Neighbourhood Policy (ENP) was designed to address security, political and economic challenges at the EU’s borders by strengthening relations with its eastern neighbours. As the EU Global Strategy asserts, it is in the EU’s interests to invest in the resilience of states and societies – the ability of states and society to reform, or to withstand and recover from internal and external crisis (European External Action Service 2016). Moldova, a tiny country sandwiched between Romania and Ukraine, with no previous existence before 1991, has progressively generated security- and stability-related concerns in Brussels. This country has been suffering from an unresolved conflict in the East (Transnistria), weak and corrupted state institutions and organised crime at the EU border, thus undermining the EU’s security.

The ENP can be said to be a case of EU external governance, which revolves around the selective extension of certain EU norms, rules and policies – the legal boundary – while precluding possible membership – the institutional boundary (Lavenex 2004). From this perspective, the case of Moldova demonstrates that various factors, such as the interests of the Moldovan government (Hagemann 2013), the state capacity or the regional geopolitical peculiarities of the EU’s eastern neighbourhood (linked with Russia’s policy and influence) determine the nature of EU–Moldova relations. In other words, local actors have often been supportive of Moldova’s European integration process, at least rhetorically, while resisting many of its implications on issues such as ‘state capture’, transparency or corruption.

The chapter examines how the various domestic and external factors have influenced the emergence of EU–Moldova relations (2003–2009) and how this relationship has evolved in the context of the development of the Eastern Partnership (EaP) (2009–2016).

Before Moldova was among the first countries to be included in the ENP in 2003, the EU and Moldova had limited relations (Shapovalova and Boonstra 2012). The ENP has undoubtedly contributed to the establishment of new and wide-ranging relations between both entities in the realms of economics and security.

Establishing new relations between the EU and Moldova

The initial ENP framework ‘Wider Europe-Neighbourhood: A New Framework for Relations with our Eastern and Southern Neighbours’ (Commission of the European Communities 2003) proposed an upgraded toolbox and the provision of additional resources in the framework of the EU’s emerging relations with Moldova, but ignored the question of EU membership. In June 2001, Moldova has been included in the Stability Pact for South-East Europe, but was denied the implicit ‘potential candidate’ status enjoyed by the countries of the Western Balkans and the possibility of concluding a Stabilization and Association Agreement. In the ENP framework, membership was neither promised to neighbouring countries nor excluded.

An improvement in cooperation resulted in the adoption of the EU–Moldova Action Plan (Commission of the European Communities 2005), signed in February 2005, shortly before Moldova held its legislative elections in March. This political document outlined a series of strategic objectives and commitments in various spheres and imposed on Moldova reforms in political, security, economic and cultural arenas. Some eighty objectives were defined across seven areas: political dialogue and reform; cooperation for the settlement of the Transnistrian conflict; economic and social reform, as well as development; trade-related issues, market and regulatory reform; cooperation in justice and home affairs; transport, energy, telecommunications, environment and research, development and innovation; and finally people-to-people contacts. The Action Plan introduced the principle of soft conditionality in EU–Moldova relations.

In March 2005, the incumbent Party of Communists of the Republic of Moldova (hereafter PCRM), elected four years earlier on a pro-Russian platform (Quinlan 2004), secured a second victory when it obtained nearly 46 per cent of the votes in the legislative elections and a majority of seats (56 out of 101). Their turn towards deeper cooperation with the EU was supported by several opposition parties at the time, which contributed to the re-election of the incumbent, President Vladimir Voronin (Popescu 2012). A few months later, in October 2005, the European Commission inaugurated a Delegation in Moldova to raise the EU’s visibility. In terms of financial aid, trade and freedom of movement, the EU granted significant benefits to Moldova. After the adoption of the EU’s new financial instrument – the European Neighbourhood and Partnership Instrument (ENPI) – in 2007, Moldova became the top recipient of EU aid per capita among the EU’s eastern neighbours, ranking second overall after the Palestinian Authority (European Commission 2008). One year later, the EU introduced autonomous trade preferences for Moldova, providing unlimited and duty-free access to EU markets for all Moldovan products – except for agricultural products concerned with sanitary and phytosanitary standards – in exchange for an upgrading of Moldova’s certification and customs controls systems (European Commission 2007a). About mobility, a crucial issue for Moldova due to the size of its diaspora (Mosneaga 2007),1 Moldova was the first country in which the EU established a Common Visa Application Centre in 2007 (European Commission 2007b). Subsequently, Moldova was among the first ENP countries to sign a Mobility Partnership in June 2008, whose aim is to ensure a new management of migration flows (Council of the European Union 2008). The same month,
Voronin declared his hope that Moldova would benefit from an Association Agreement (AA) that stipulated a membership perspective (Botan 2008). In October 2008, the two parties signed a visa facilitation agreement along with an agreement on the readmission of illegal migrants (Council of the European Union 2008).

This is when the EU Council agreed to replace the Partnership and Cooperation Agreement (which expired the same year) with an AA that envisages trade and visa liberalisation. The conclusion of such an AA, however, was made conditional on the promise that the Moldovan authorities would ensure free and fair elections in Spring 2009, making these a test case for the reform willingness of the Moldovan political elite.

**The case of Transnistria and security cooperation**

Beyond the agreed intensification of political and economic cooperation, Moldova and the EU have managed to strengthen their security cooperation, notably on the Transnistrian conflict.

Transnistria is an independent **de facto** state (Pegg 1998; Lynch 2004), located between the left bank of the Dniestr and the eastern Moldovan border with Ukraine, populated by half a million inhabitants. This thin strip of land emerged after a small-scale conflict, which has involved the Soviet Fourteenth Guard Army, and was frozen by the Yeltsin–Snegur agreement of 1992. Transnistria is considered a ‘frozen conflict’ that has remained unresolved, despite an enduring negotiation process under the aegis of the Organization for Security and Cooperation in Europe (OSCE). Russia officially recognises the integrity of the Moldovan territory, but supports the separatists in Transnistria through several channels (including military presence, diplomatic actions in the framework of the OSCE and elsewhere, financial resources and economic investments and support in building institutions) (Popescu 2006). The region has also been characterised by its ‘contraband capitalism’ (Luke and Toal 1998; Parmentier 2006), where close links between political, criminal and business elites have led to the status quo. Transnistria has frequently been cited as a hub for all kinds of illicit trafficking, such as arms, human beings and drugs (Molcean and Verständig 2014).

Against this backdrop, the EU started engaging with the Transnistrian conflict only in 2003, taking many steps towards an increased involvement ever since. The main driver of this action was the perspective of EU enlargement in 2004, as well as Romania’s accession to the EU in 2007 – supposedly Moldova’s most important neighbour. To put some pressure on Transnistrian top officials, the EU started to act coercively with a travel ban imposed on 17 representatives of the Tiraspol leadership (Council of the European Union 2003). To raise its profile and the coherence of its policy, in 2005, the EU appointed a Special Representative for the Transnistrian conflict, Adriaan Jacobovits de Szeged. Later, the EU also became the most important contributor and initiator of confidence-building measures between Chisinau and Tiraspol, implementing a large programme jointly with UNDP Moldova: ‘Support to Confidence Building Measures’ (Transnistrian Dialogues 2014).

Yet, the most wide-ranging EU initiative regarding the conflict is the creation of the European Union Border Assistance Mission (EUBAM), which was launched in November 2005 (Vahl 2005). Promoting border control, customs, trade norms and practices that meet EU standards, one of EUBAMs main objectives was to control the trafficking occurring at the border with Ukraine, while improving governance through socialisation with EU actors. It has also brought Transnistrian businesses closer to the EU to favour rapprochement with Moldova, attracted by a more comprehensive access to the EU’s market (Parmentier 2008). Due to EUBAM operations, several hundred Transnistrian companies have registered with the State Register Chamber of Moldova to gain access to EU markets, thus benefiting from EU trade preferences. Yet, despite
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The EU’s economic attraction and the change of the Transnistrian leadership in December 2011, with Yevgeny Shevchuk replacing the founding President Igor Smirnov and, subsequently in December 2016, with Vadim Krasnosielksi replacing Shevchuk, Transnistrian foreign policy has remained unchanged and oriented towards Russia and the Eurasian Economic Union (EEU) (Kosienkowski 2012). Overall, EUBAM is generally considered as a successful mission, but pervasive corruption appears to have been a major obstacle for the mission achieving its aims, while its contribution to the resolution of the Transnistrian conflict is mainly limited to technical – as opposed to political – aspects (Kurowska and Tallis 2009).

Later, in May 2012, Moldova and the EU started to discuss cooperation in the field of Common Security and Defence Policy (CSDP) and Common Foreign and Security Policy (CFSP), as the AA contains a reference to these policies. From this perspective, Moldova agreed to participate in EU civilian and military missions – for example, in the EU Mission to strengthen regional maritime capacity in the countries of the Horn of Africa (Tigui 2013). In exchange for Moldova’s participation in the CSDP and CFSP, Moldovan leaders inevitably expect stronger EU involvement in resolving the Transnistrian issue.

The Eastern Partnership (EaP) and Moldova (2009–2016)

The EaP was launched in 2009, with the objective to supplement the ENP and enable political and economic integration in the absence of any perspective of enlargement. In the meantime, EU–Moldova relations have been largely influenced by the evolution of Chisinau’s political system and its inability to cope with the various challenges of implementing the (AA), notably the Deep and Comprehensive Free Trade Agreement (DCFTA), arguably the most powerful tool of EU external governance vis-à-vis Moldova.

Moldova’s hybrid regime and European integration

Political transition is a centrepiece of the EaP, as this framework is based on EaP countries’ commitment to political principles and values, such as democracy, rule of law and respect for human rights. Hence, the success of the EaP depends on the nature of neighbours’ political system, and – as far as Moldova is concerned – on the role of oligarchic structures in the political system.

Over the last quarter of a century, Moldova’s regime trajectory has oscillated between authoritarian and democratic tendencies, being characterised as a ‘hybrid regime’. Moldova’s hybrid regime has ‘acquired some of the characteristic institutions and procedures of democracy, but not others, and, at the same time, [has . . .] retained some authoritarian or traditional features’ (Morlino 2008: 7). The Moldovan political and economic landscape should also be understood through the prism of ‘state capture’, in which ‘so-called oligarchs manipulat[e] policy formation and even shap[e] the emerging rules of the game to their own, very substantial advantage’ (Hellman Kaufmann 2001; Calus 2015). To date, the oligarchic structures prove resilient in Moldovan policy-making, largely influencing EU–Moldova relations negatively.

In the year preceding the April 2009 parliamentary elections, the government took a series of steps to create an ‘uneven playing field’ (Levitsky and Way 2010) – applying the use of administrative resources, amending the electoral law or harassing and intimidating opposition candidates. In the end, according to the Central Electoral Commission, the PCRM was declared the winner with 49.48 per cent of the votes (the turnout was 59 per cent), obtaining 60 seats (out of 101). As the presidential elections require a three-fifth majority in the Parliament (61 deputies), the PCRM needed just one representative to secure the vote. Yet, the opposition, as well as thousands of citizens, contested the validity of the results. On 7 April 2009, one day
after the elections, rioters attacked the parliament building and the presidential office, starting the so-called ‘Twitter Revolution’ (Cibotaru 2010). The Communists declared that a coup-d’état was fomented by Romanian authorities and opposition parties and started a series of counter-measures to restore order. While the European Commission recognised the official election results, Members of the European Parliament soon became critical of the government-led campaign of harassment and the systematic violation of human rights (European Parliament 2009).

In the aftermath of the April events, several opposition parties founded the Alliance for European Integration (AEI) and started to work together under the leadership of Vlad Filat; their alliance won a relative majority in July 2009 (53 out of 101, with no possibility of electing a President) and was confirmed after another vote in November 2010. In the meantime, the AEI sent signals to Brussels, increasingly branding Moldova as an EaP ‘success story’ (Boonstra 2011), thanks to a mix of domestic reforms and a carefully crafted public relations campaign in Brussels. In 2013 and 2014, Moldova ranked first in the European Integration Index for Eastern Partnership Countries (European Integration Index for Eastern Partnership Countries 2014), surpassing Ukraine and Georgia. Yet, the process of reforms has stalled after the demise of Vlad Filat in April 2013, due to endemic elite corruption implicating almost the entire state (Rinnert 2013). Prime Minister Vlad Filat (September 2009 – April 2013) had to step down in April 2013 due to a motion of censure, following charges of corruption, abuse of power and influence peddling. He was replaced by Iurie Leanca (April 2013 – February 2015) who, despite his victory in the parliamentary elections of November 2014, could not maintain his position either. In 2015, political instability reached a peak, with five new heads of government in just a few months: Chiril Gaburici (February 2015), Natalia Gherman (June 2015), Valeriu Strelet (July 2015), Gheorghe Brega (October 2015) and Pavel Filip (January 2016) successively became heads of government.

In turn, the self-proclaimed pro-European parties have been part of an oligarchic system, as their interests have not necessarily been in line with the EU model of governance. Under the AEI, state institutions have been subordinated to the leaders of the parties included in the coalition, that is, Vlad Filat (the leader of the Liberal Democratic Party of Moldova) and Vlad Plahotniuc (a billionaire who de facto controls the Democratic Party of Moldova) (Calus 2015). The implementation of the AA requires key reforms concerning, among others, the judiciary, the financial sector and the process of de-politicisation of state institutions. Between 2009 and 2014, Moldova fell from 89 to 103 in Transparency International’s Corruption Perceptions Index (Transparency International 2014). The extent to which elite corruption is pervasive came particularly to the fore in late 2014, when around US$1 billion (nearly 15 per cent of Moldova’s GDP) – in non-performing loans made to people connected with the country’s political elite, that is, Vlad Filat, Vlad Plahotniuc and Ilan Shor (Calus 2015) – disappeared from three Moldovan banks (Banca de Economii, Banca Sociala and Unibank). Filat and Plahotniuc have been both business and political competitors, until former Prime Minister Vlad Filat’s arrest in Parliament on 15 October 2015. The arrest, supposedly orchestrated by Plahotniuc, has led him to consolidate his dominant position in the Moldovan political system, unprecedented since 1991, through control of the state apparatus, control of part of the Moldovan press, and parts of the political elite and financial power (Calus 2016).

The resilient oligarchic features within the AEI have tarnished the reputation of the European idea in Moldova, linking it with corrupted officials rather than a better model of governance, giving more political space for pro-Russian politicians. As an example, a referendum was organised (illegally according to Chisinau) in Gagauzia in February 2014 on the issues of European integration and relations with Russia. The results showed an overwhelming majority in favour of the EEU (98 per cent); 97.2 per cent were against a closer EU integration; in addition,
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98.9 per cent of voters supported Gagauzia’s right to declare independence, should Moldova lose or surrender its own independence to Romania (Ursu and Raileanu 2014). In the meantime, support for the EU in Moldova plummeted from 78 per cent in 2007 to 40 per cent in 2015 and to less than 40 per cent in 2016, according to an opinion poll carried out by the Institute for Public Policy (Higgins 2015) and the US-based National Democratic Institute. A significant part of the Moldovan public has a pro-Russian orientation, favouring integration with the EEU. As a result, the Party of Socialists, led by Igor Dodon, who openly met with Vladimir Putin during the Russian presidential campaign in the run up to the November 2014 elections (Russian Presidency 2014), reached first place with more than 20.5 per cent of the vote, while Renato Usatii – a Russian-Moldovan tycoon and leader of Our Party – was elected in June 2015 as mayor of Balti, the second city of the country. The pro-Russian electorate also remains strong in the north of Moldova, in the countryside and among pensioners.

The pro-European segment of Moldovan society proves to be unsatisfied with the pro-European coalition that has been ruling in different formations since 2009. In the context of the ‘stolen billion’ scandal, ‘Dignity and Truth’ – a social movement composed of political analysts, journalists and lawyers – emerged in 2015, and ever since has organised large anti-government demonstrations (Solovyev 2015). The paradox of the situation lies in the fact that ‘Dignity and Truth’, a pro-EU social movement, has contested a self-proclaimed pro-European coalition of parties (AEI), thus indirectly contributing to a situation in which the European idea in Moldova has become increasingly discredited.

The AA, the DCFTA and the transformation of the Moldovan economy

The DCFTA is an essential part of the EU–Moldova AA, aiming at the mutual opening of the two parties’ markets for goods and services, based on stipulated and enforceable trade rules. As such, it is considered a powerful tool of external governance, as it is supposed to foster modernisation of the Moldovan economy through legal approximation.

A DCFTA is less about customs tariffs and quotas than about an extensive legal approximation of laws, norms and regulations in various trade-related sectors, including service sector liberalisation, public procurement and competition policy. The Moldovan regulatory system must approximate, adopt, implement and enforce a series of EU norms and standards, including sanitary and phytosanitary norms for agricultural products, competition law, regulations on public procurement and intellectual property rights. The adoption and implementation of standards and norms is costly but, in return, the EU promises to gradually provide Moldova with access to the European Single Market. Moldova, a member of the WTO since July 2001, has also benefited from EU institution-building assistance to strengthen Moldovan state capacity to implement reforms, benefit fully from the EU’s autonomous trade preferences regime since 2008, offering Chisinau improved access to EU markets for specific products (such as wine, vegetables and fruits). Thanks to these exceptions, the EU has become Moldova’s most important trade partner, even before the AA was provisionally applied in September 2014, accounting for 46.4 per cent, before Russia (21.9 per cent) and Ukraine (11.8 per cent) (European Commission 2015).

The DCFTA offers further access to European markets in exchange for an implementation of EU norms and standards by Moldovan economic and political actors. The reforms should help to improve the business climate, making it more competitive and attractive for European and foreign investments. Though Moldova experienced the highest growth rate in Europe (9.4 per cent) in 2013 (World Bank 2016), it is still characterised according to international organisations by a considerable lack of competitiveness, lacking modern infrastructure in terms of transportation...
systems (World Economic Forum 2015)\textsuperscript{5} and logistics (World Bank 2014)\textsuperscript{6}. Its agriculture is largely directed towards the markets of the Commonwealth of Independent States (CIS), as the sector faces difficulties in adapting to EU sanitary and phytosanitary as well as food safety norms and standards. The main natural resources (water, forests and soils), as well as imported resources, are not properly managed.

At the same time, Russia’s share in Moldova’s exports has decreased both due to Moldova’s attempts to diversify its trade partners (already a few years after its independence) and due to ‘unclear rules of the game in bilateral trade’ (Popa 2015). Yet, Russia remains an important partner for Moldova in several ways. First, Russia is still attracting the highest number of Moldovan migrants, who, via their remittances, are crucial contributors to the Moldovan economy and the GDP (Mosneaga 2012), though this share has been in decline in recent years due to the depreciation of the ruble since the beginning of 2014 (Ratha, Wyss and Yousefi 2014). Second, Russia remains a crucial market for several key sectors of Moldova’s economy, such as wines and liqueurs, medication and fruit. This explains why Russian authorities have imposed several import restrictions on Moldovan goods (wine, processed pork, fruit and canned vegetables, etc.) even before the AA came into force (Calus 2014). Third, Moldova remains heavily dependent on Russia for its energy mix, as (Russian) gas accounts for 65 per cent of its energy consumption (Barbarosie and Coalson 2014). As domestic gas production covers only 1 per cent of the demand, even though Moldova became a full member of the European Energy Community in May 2010, Moldova has been totally dependent on gas imports from Russia\textsuperscript{7} (Puiu 2014). Fourth, Russia is a key source of foreign direct investment in the most important industrial enterprises of the Transnistrian region (Chirila 2013).

Though Moldova has reoriented its trade toward the European Single Market, the transformation of the Moldovan economy along the EU model is still an ongoing process, partly contradicted by Russian policies.

Conclusions: Moldova and the ENP at the crossroads

Since the start of the ENP in 2003, Moldova’s political system has been characterised as a case of ‘pluralism by default’ (Way 2003), as leaders failed to draw sufficiently on state capacities to rig elections, impose censorship or even repress the opposition to impose authoritarianism. At the same time, state capture has thwarted the development of a stable democratic system, based on the rule of law (Parmentier 2014), able to cope with all the obligations required in the framework of the ENP.

Moldova has been considered the ‘poster child’ of the EaP since 2009 (Rinnert 2013), but the ‘stolen billion’ scandal of 2014 has tarnished Moldova’s reputation in Brussels and its European ambition. The Moldovan presidential elections of November 2016 have resulted in the election of a new president, Socialist Party leader Igor Dodon, who has advocated changes in Moldova’s foreign policy regarding Russia, the EU and Transnistria. Yet, given the country’s parliamentary system and the political and cultural divides within Moldovan society, any radical change in this regard (such as a full membership of the EEU) would inevitably raise the level of tension among the political elite and the public.

Back in 2001, in the context of the parliamentary elections, President Voronin campaigned on a strong pro–Russia platform, whereas four years later, displaying a great degree of pragmatism, he campaigned on a pro–Europe ticket. Looking towards the future, it is likely that the new Moldovan president will adopt a similar ‘multi-vector policy’, manoeuvring between Russia and the EU, depending on the respective interests of the different Moldovan stakeholders.
Notes

1. One of the key characteristics of the Moldovan economy is the size of its outward labour migration, which has been having a serious effect on socio-economic stability since the mid-1990s, representing between 600,000 and 700,000 workers temporarily or permanently abroad.

2. ‘A de facto state exists where there is an organised political leadership, which has risen to power through some degree of indigenous capacity; receives popular support; and has achieved sufficient capacity to provide governmental services to a given population in a specific territorial area, over which effective control is maintained for a significant period of time’ (Pegg 1998: 26).

3. In the Eurasian context, the term ‘frozen conflict’ refers to the post-Soviet separatist entities that emerged after the collapse of the USSR: Transnistria in Moldova, South Ossetia and Abkhazia in Georgia, and Nagorno-Karabakh in Azerbaijan. Since 2014, the term is also applied to the situation in the Donbass region in Ukraine. The term is generally misleading as the situation in literally all allegedly frozen conflicts has been evolving in the last years, despite the fact that little progress has been made in finding a resolution (Lynch 2004).

4. Gagauzia is an autonomous region in Southern Moldova, populated by 160,000 inhabitants with mainly Orthodox Russian-speakers of Turkish descent.

5. The Global Competitiveness Report highlights the deficiencies in transport infrastructure: Moldova ranks only 63 for the quality of its railroad system, 91 for air transportation, 129 for its ports and 133 for roads out of a total of 140 countries.


7. The interconnector Iasi-Ungheni opened in March 2015 and is destined to diversify energy sources and routes, thus potentially reducing the monopoly of Moldovagaz and consolidating the country’s energy security. However, as Gazprom owns a 50 per cent share of the Moldovagaz company, the interconnector is faced with vested interests in Moldova (Barbarosie and Coalson 2014).

References


