

THE SURPRISING FRONT-RUNNER

MOLDOVA BEFORE AND AFTER THE VILNIUS SUMMIT

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In the past year Moldova has been praised by European leaders for its reforms. Speaking at the EU-Moldova forum in October 2012, EU Enlargement Commissioner Stefan Füle called Moldova “the Eastern Partnership’s most dependable model student.”¹ He added: “From an uncertain supporter of the Eastern Partnership, it has turned into its most prominent member, into a staunchly committed and reliable partner.”²

In February 2013, Polish Foreign Minister Radoslaw Sikorski [praised Moldova](#) on his joint visit to Chisinau together with Swedish and UK foreign ministers, Carl Bildt and William Hague: “The Republic of Moldova is the country we see as the greatest hope of the Eastern Partnership.”

¹ German Council on Foreign Relations (DGAP), [“Moldova Leads the Way in the Eastern Partnership”](#), October 2012.

² Economic Forum, [“Stefan Füle at the EU-Moldova Forum”](#), 22 October 2012.

Most recently, during her [speech in the Bundestag](#) on 18 November 2013, German Chancellor Angela Merkel said:

“In spite of some domestic turmoil, the Republic of Moldova has perhaps demonstrated the greatest political will of all Eastern partners to adopt and implement reforms.”

Moldova has been ranked number one on the “European Integration of Eastern Partnership Countries Index” every year since 2011. In 2013 its authors concluded that “Moldova is the top reformer in the region and is the closest to meeting EU standards.”³

Such praise is both remarkable and surprising, for Moldova, a landlocked country with a population of only 3.5 million, may appear to be an unlikely success for the EU’s policy in the Eastern neighbourhood.

Moldova is poor. 58 percent of Moldova’s population live in rural areas.⁴ [Rare films about Moldova](#) usually present it as a country people escape from for economic reasons. In 2012 Moldova’s [per capita GDP](#) was some 1,590 EUR, making it the poorest country in Europe, behind all other East Europeans, Balkan states and countries in North Africa. Such poverty triggered massive emigration since the early 1990s, leading to an unprecedented demographic collapse. Between 1991 and 2002, the number of infants born yearly in Moldova halved, from 72,000 to 35,700.⁵

Moldova is isolated and largely unknown in the rest of Europe. While hundreds of thousands of its citizens have gone abroad to find work – in particular to Russia and Italy – very few foreigners find their way to Moldova. In 2012, according to the National Bureau of Statistics, Moldova received an astonishingly low number of only [12,800 international visitors](#). This made it the least visited country in Europe. Even Belarus welcomed [119,000 foreign visitors in 2012](#). In tiny Estonia, the number of visitors was 1.9 million.⁶

Table 1: The six Eastern partners and Russia (nominal GDP per capita – population)⁷

Country	Population	GDP per capita
Russia	143.6 million	14,302 USD
Azerbaijan	9.3 million	7,450 USD
Belarus	9.5 million	6,739 USD
Ukraine	45.6 million	3,877 USD
Georgia	4.5 million	3,520 USD
Armenia	3 million	3,021 USD
Moldova	3.5 million	2,037 USD

Moldova is not in control of all of its territory. In 1990 the “Transnistrian Moldavian Republic”, a narrow strip of land east of the Dniester River, declared its independence. Transnistria, with half a million inhabitants, is ethnically mixed and yet predominantly

³ Eastern Partnership Index, [“What is the EaP Index?”](#)

⁴ Data from the National Bureau of Statistics of the Republic of Moldova.

⁵ National Bureau of Statistics of the Republic of Moldova, [“Live-births by Years, Area and Sex”](#), 1991-2012. Starting from 1997, statistical data do not include births in Transnistrian-controlled territories.

⁶ Estonian Tourist Board, [“Tourism in Estonia in 2012 \(as of 12 March 2013\)”](#).

⁷ IMF, [World Economic Outlook Database](#), October 2013.

Russian speaking. It looks towards Russia for support, funding and gas. It has its own president, parliament, army, passports and currency. All these institutions remain unrecognized.



“Independence Day” parade in Tiraspol, the capital of Transnistria

And yet: despite its poverty, demographic crisis, isolation and unresolved territorial conflict Moldova has emerged as the frontrunner among the six Eastern Partners when it comes to wooing the European Union.

In November 2013, the European Commission proposed to the member states to lift the visa requirements for short-term travel of Moldovan citizens. This puts Moldova ahead of all other countries in the East.

In June 2013 Moldova concluded talks on its Association Agreement with the EU, including the establishment of a so-called “Deep and Comprehensive Free Trade Area” (DCFTA). The expectation is that the agreement will be signed in 2014. Moldova is thus the frontrunner with Georgia when it comes to economic association with the EU. By contrast, Ukraine, which concluded negotiations on the Association Agreement and DCFTA already in 2011, has recently suspended the process.

However, there is no room for complacency in either Chisinau or in EU capitals. Moldova’s “success” remains fragile. It has not yet translated into concrete improvements felt by its citizens. The visa requirement has still not been lifted. Without continued focus by Moldovan leaders, a vigorous Moldovan civil society and the more pro-active and supportive future EU policy the hopes inspired at the Eastern Partnership Summit in Vilnius this November could easily be quashed again.

Frontrunner: the story of visas



Rural Moldova. Photo: ESI

Moldova may soon become the first non-Baltic former Soviet republic to enjoy visa-free travel to the EU. On 27 November 2013, the European Commission officially proposed to the EU Member States to lift visa requirements for Moldovans after Moldova successfully met all benchmarks in its Visa Liberalization Action Plan. EU Commissioner for Home Affairs Cecilia Malmström [announced](#):

“I wish to congratulate the Moldovan authorities for their efforts to implement key reforms and the important achievements they have made. The possibility to travel to the EU without a visa will further facilitate people-to-people contacts and strengthen business, social and cultural ties between the European Union and Moldova. It is my sincere hope that other Eastern partners seeking visa-free travel to the EU will continue to work towards achieving this important goal.”

Visa-free travel to the EU is a tangible benefit of closer integration with the EU. It has a high practical meaning for Moldovans, many of whom have relatives working abroad in the EU.

During Soviet times Moldova was separated from Romania by a barbed wire fence. After 1991, Moldovans were able to travel to Romania without visas. This stopped in 2007, when Romania became a member of the European Union, and its border with Moldova along the river Prut became the EU’s external border.

When a new pro-Western government, the Alliance for European Integration, came to power in Moldova in 2009, it chose visa liberalization with the EU as its top priority. In June 2010, the European Council started the visa liberalisation dialogue with Moldova. It resulted in a two-phase [Visa Liberalisation Action Plan](#), which the Moldovan government received on 1 January 2011. In the first phase, Moldova had to adopt laws and policies to ensure document security, manage its borders and migration flows effectively, provide for public

order and security, and protect fundamental rights. In the second phase, it had to successfully meet implementation benchmarks for these laws and policies.

On some areas, like document security, Moldova performed exceptionally well. It started issuing only biometric passports starting from 1 January 2011. It has closely cooperated with FRONTEX, the EU's border management agency. The EU's Eastern border, including its Romanian-Moldovan segment, is today considered low-risk. According to FRONTEX "during 2011, less than 1 per cent of all detections of illegal border-crossings in the EU occurred at the external EU borders with the Russian Federation, Moldova, Ukraine and Belarus."⁸

The biggest challenge Moldova has faced on its path towards visa liberalization concerned, to many people's surprise, gay rights. One of the requirements of the Visa Liberalisation Action Plan was to pass anti-discrimination legislation protecting minorities, including sexual minorities. The bill, submitted by the government to the parliament in February 2011, proposed banning discrimination on the basis of "religion, nationality, ethnic origin, language, religion, colour, sex, age, disability, sexual orientation, political opinion, or social status."

Moldova remains a socially conservative society. Homophobic attitudes are commonplace. According to a 2011 public attitudes survey conducted by the Soros Foundation Moldova, only 14 per cent of respondents would accept homosexuals as neighbours, 13 per cent as co-workers, 10 per cent as friends, 4 per cent as a future member of the family.⁹ A negative image of homosexuals is widespread in Moldovan society: over two-thirds of the respondents claimed that gay people were immoral, perverse and sick, and almost one in two respondents considered that homosexuals are HIV-positive. In addition, every second respondent believes that homosexual relations should be punished by the withdrawal of certain rights (46 per cent), fines (24 per cent) or imprisonment (23 per cent).¹⁰ No other minority in Moldova suffers from as much prejudice and aggression as the gay community.

Moldovan public figures across the political spectrum responded to the EU requirement with statements describing gay and lesbians as abnormal, unhealthy and perverse. The Communist Party joined forces with the Orthodox Church in agitating against the proposed law. Communist Party Chairman and former president Vladimir Voronin [called homosexuality an "abomination"](#) and urged the country to "rebel" against gay people. "Let each municipality declare itself free from this nonsense which has been imported from Europe," he proposed. In February 2012, taking a lead from St Petersburg in Russia, Balti, Moldova's second largest city, enacted a local ban on "aggressive propaganda of non-traditional sexual orientations." Several municipalities followed suit.

One Moldovan NGOs fighting for equal rights for the gay community, Gender-Doc, presented the EU as the biggest hope in winning an uphill battle amidst hardening attitudes against gays and lesbians throughout Eastern Europe and the former Soviet Union. In this case conditionality and a principled position by the EU worked. The Moldovan Parliament adopted an anti-discrimination law in May 2012. The law forbids all kinds of discrimination and explicitly refers to sexual orientation in relation to discrimination in the workplace. Balti's ban on "propaganda" was also [struck down by a local appeals court as unconstitutional](#) in February 2013.

⁸ FRONTEX, ["Eastern Borders: Annual Overview 2012"](#), p. 10.

⁹ Soros Foundation Moldova, ["Percepțiile populației din Republica Moldova privind fenomenul discriminării: studiu sociologic"](#), 2011, p. 4.

¹⁰ Soros Foundation Moldova, *ibid.*, p. 5.

Moldova's economy: between Russia and the EU



Grape harvest in Moldova. Photo: ESI

In June 2013, Moldova completed negotiations on one of the most important elements of the Association Agreement with the EU, the establishment of the Deep and Comprehensive Free Trade Area (DCFTA).

Why does the EU matter for the Moldovan economy? For a long time, Moldova's economy was oriented strongly towards the East, in particular towards Russia and Ukraine. During its time as a Soviet republic, Moldova was the garden of the empire, producing wine, fruit and vegetables for the large Soviet market. These economic links remained in place even after Moldova gained independence in 1991. For a long time, the Moldovan wine sector produced almost exclusively for the Russian market.

Then, in 2006, amidst growing political tensions between Moldova and Russia, the risks of such reliance became obvious. When Russia imposed an embargo on Moldova's wine and vegetables, it crippled Moldovan producers, who lost their key market overnight. Between 2005 and 2007 alone, Moldova's wine production plummeted by two-thirds. Even though the embargo was lifted in late 2007, Moldova's wine production never fully recovered from the shock.

Table 2: Wine production in Moldova in 2005-2010, million litres (ML)¹¹

<u>Year</u>	<u>Volume</u>
2005	406
2006	210
2007	136
2008	167
2009	137
2010	146

In 2012, the EU accounted for 53 per cent of Moldova's imports and 52 per cent of its exports.¹² By contrast, 21 per cent of Moldovan exports went to Russia. In 2012, Moldova exported 940 million EUR worth of goods to the EU, mainly agricultural products, clothing, textiles and machinery.¹³

The Russian embargo strengthened Moldova's motivation to develop trade with the EU. In 2006, the EU granted Moldova the Generalized System of Preferences Plus trade regime. This system lowered taxes for Moldovan exports to the EU. It also provided an incentive for Transnistrian producers to register in Moldova. As a result, according to the OSCE Mission to Moldova, Transnistrian exports to the EU grew by 59 per cent between January 2006 and January 2008.¹⁴

Since 2008 Moldova has benefited from the [autonomous trade preferences \(ATP\) regime](#) with the EU, which replaced the previous regime. Moldovan goods, with the exception of certain agricultural products, enjoy duty-free access to the EU market. The regime will remain in place until the end of 2015. It will be replaced by the DCFTA once it is signed, ratified and enters into force.

Today, Russia advocates a rival vision of European economic integration. In 2010, it created a customs union with Kazakhstan and Belarus. Russian President Vladimir Putin envisions the transformation of this customs union into the ambitious "Eurasian Union". As he [explained](#) in October 2011:

"We suggest a powerful supranational association capable of becoming one of the poles in the modern world and serving as an efficient between Europe and the dynamic Asia-Pacific region ... establishing a full-fledged economic union."

Next, Russia proceeded to put pressure on other Eastern Partners. Moldova's breakaway province Transnistria [expressed its interest](#) in Russia's future Eurasian Union already in 2012. On 3 September 2013, after a meeting with Putin in Moscow, Armenian President Serge Sargsyan announced that Armenia intends to join the customs union. The announcement came after Armenia spent almost four years negotiating an Association Agreement with the EU.

¹¹ National Bureau of Statistics of the Republic of Moldova, Production of main industrial products by types of products and years.

¹² European Commission, Directorate-General for Trade, ["European Union, Trade in goods with Moldova"](#), November 2013.

¹³ European Commission, [Trade, Countries and Regions: Moldova](#).

¹⁴ Cited in Nicu Popescu, *EU Foreign Policy and Post-Soviet Conflicts: Stealth Intervention*, Routledge, 2011, p. 57.

Enlargement Commissioner Stefan Füle noted that membership in the Eurasian customs union is incompatible with signing the Association Agreement and DCFTA with the EU.¹⁵

In the period leading up to the Vilnius Eastern Partnership Summit in November 2013 Russia tried to use all instruments of pressure also on Moldova. Russia is still the market for some 28 per cent of Moldovan wine exports. Russia is also the main energy supplier. Gazprom, Russia's state-controlled gas monopoly, provides over 95 per cent of the natural gas consumed in Moldova. Today, Moldova pays nearly 400 USD per 1,000 cubic meters of gas, while Transnistria receives it for free. (However, if Moldova ever retakes control over Transnistria, it might be responsible for the province's huge accumulated gas debt, estimated at 3.8 billion USD in mid-2012).¹⁶ Finally, Russia is the top receiving country for Moldovan labour migrants.

On 2 September 2013, Russian Special Envoy on Transnistria, Dmitry Rogozin, visited Moldova. He made clear that Russia was displeased with Moldova's pro-EU attitudes and noted: "Energy is important, the cold season is approaching, winter is on its way. We hope that you will not freeze this winter". He added that Moldova "would lose Transnistria, if Moldova continues moving toward the European Union;" and that "Moldova's train en route to Europe would lose its wagons in Transnistria."¹⁷

On 10 September, Russia's top public health official announced that Moldovan wines would be banned from the Russian market for health and safety reasons.¹⁸ The ban remains in place.

On 30 September the Russian Federal Migration Service told Moldovan media outlets that out of 526,000 labour migrants from Moldova residing in Russia, [190,000 were in violation of immigration law](#). According to media reports, these people would be refused entry if they ever left Russia and tried to re-enter it.

Democratic diversity and its benefits

Moldovan society is ethnically and linguistically diverse. In Moldova proper, ethnic minorities such as Russians, Ukrainians, Bulgarians and Gagauz account for over 20 per cent of the population.

Russian remains the second most important language and is widely spoken by non-Russian ethnic minorities as well. According to the [last census held in Moldova in 2004](#), Russian was the native language for 381,000 Moldovan citizens, or 11.3 per cent of the total population. An even greater percentage of the population – 16 per cent – used Russian as the primary language in their everyday communication. Russian remains the most widely spoken language in Moldova's second largest city, Balti.

At the same time Moldova is democratic, a rare phenomenon in post-Soviet politics. Until recently, Moldova was the only parliamentary republic among the Eastern Partners (in 2013,

¹⁵ European Commission, "[Statement on the pressure exercised by Russia on countries of the Eastern Partnership](#)", SPEECH/13/687, 11 September 2013.

¹⁶ European Council on Foreign Relations, "[Transnistria: A Bottom-Up Solution](#)", by Nicu Popescu and Leonid Litra, September 2012, p. 2.

¹⁷ Vladimir Socor, "[Rogozin Threatens Moldova with Sanctions over Association Agreement with the European Union](#)", *Eurasia Daily Monitor*, Volume 10, Issue 155, 4 September 2013.

¹⁸ *RFE/RL*, "[Dour Grapes: Russia Bans Moldovan Wine, Again](#)", 11 September 2013.

Georgia switched to the parliamentary system as well). Since gaining independence in 1991, Moldova has held seven competitive parliamentary elections and ensured peaceful transfers of power. The Moldovan parliament has always contained a real opposition. The Communist Party, currently the strongest single party in Moldova, came to power through competitive elections in 2001. It lost power in the elections of July 2009, when four opposition parties came together to establish the pro-Western Alliance for European Integration.

Moldova's last parliamentary elections that took place in November 2010 were [assessed by OSCE/ODIHR](#) as meeting “most OSCE and Council of Europe commitments”, offering voters “genuine choice” and providing “a broad range of political views and elections information in the media.” This was the most positive assessments of any elections in the Eastern Partnership countries in recent years by ODIHR. Only Georgia's presidential elections of October 2013 [were assessed](#) in a similarly positive way.

This is not to be taken for granted. Recent years have seen a consolidation of authoritarianism across the EU's Eastern neighbourhood.

In Belarus, where Alexander Lukashenko has been president since 1994, the government uses security forces to violently disperse any public rallies. In 2011, [over 1,500 Belarusians were detained for participating in “silent protests”](#) against Lukashenka.

In Russia in 2012, Vladimir Putin became president for a third time. In the aftermath of mass protests in Moscow, the Russian parliament enacted laws raising fines for participation in unauthorized protests and placing new restrictions on NGOs.

In Azerbaijan, Ilham Aliyev secured his re-election for a third term in October 2013. Freedom of assembly is nearly non-existent, and journalists, bloggers and activists are routinely imprisoned on bogus charges.¹⁹

In Ukraine, the authorities have cracked down on protesters who are demanding President Yanukovich's resignation after the failure to sign the Association Agreement with the EU at the Vilnius Summit. Leading members of the opposition have also been jailed in trials found wanting by the European Court of Human Rights in Strasbourg.

EU-Moldova relations after Vilnius

Moldova's success in closer integration with the EU is the result of decisions taken by its leaders at key moments. It was Moldova's Communist President Vladimir Voronin (2001-2009) who took the first steps towards the EU. Since 2009, under the Alliance for European Integration and its successor, the Pro-European Coalition, European integration has been the main foreign policy goal of Moldova.

[Speaking at the EU-Moldova forum](#) in Berlin in October 2012, Enlargement Commissioner Stefan Füle openly advocated a membership perspective for Moldova:

“Moldova deserves continuous support to deliver on its commitments, and it is my conviction that it deserves an ambitious future. I'm talking here about the most powerful

¹⁹ See ESI, [“Disgraced. Azerbaijan and the end of election monitoring as we know it”](#), Berlin, 5 November 2013.

foreign policy instrument of the European Union and the expression of its ultimate transformative power – the perspective for a country to accede ...”

However, [speaking in the Bundestag](#) one year later, German Chancellor Angela Merkel struck a different note. Merkel emphasized the importance of the Eastern Partnership for the EU. She praised Moldova and Georgia. Then she underlined that “Our Eastern Partnership is not about the prospects of accession to the EU.”

Prior to the Vilnius Summit, there was a debate in Eastern Partnership countries about the wording of the draft of the final declaration. To the disappointment of Moldova and Georgia, the [Final Declaration](#) adopted on 29 November 2013 contained no reference to Article 49 of the [Treaty on European Union](#), which says that “any European state” can apply for membership in the EU, provided that it respects the EU’s fundamental values. The Declaration does not even call the Eastern Partners “European states.” Instead, it calls them “Eastern European countries” and “Eastern European states.” This sends an unnecessarily and damagingly ambiguous signal to a region in turmoil.

For those in Moldova who look across the border to Romania it is obvious that EU accession helps economic development. There is, after all, another Moldova in the EU already: a historical region in eastern Romania, spanning eight Romanian counties, was once part of the medieval Principality of Moldavia which spread from the Carpathian Mountains to the Dniester River and at times included the territories of today’s eastern Romania, the Republic of Moldova and Ukrainian Bucovina.

Romanian “Moldova” is one of the poorest regions in the EU today. And yet it underwent a serious transformation as a result of Romania’s European integration process. The GDP per capita in Iasi, the centre of Northeastern Romania, more than doubled between 2004 and 2008, from 2,200 EUR to 5,000 EUR. Romanian Moldova attracted a large amount of EU post-accession funds. According to one study published in 2011 Iasi is the county in Romania most successful in attracting Regional Development funds, some 118 million EUR. 64 per cent of these funds have been contracted by the local authorities.²⁰

The membership perspective and then accession also triggered inflows of FDI. From 2007 until 2010 FDI inflows into Romania’s Northeast region almost doubled, from 672 million to 1,244 million EUR. During the very same time period FDI in the Republic of Moldova actually fell from 360 to 112 million EUR.²¹

Moldova’s poverty is structural: it is too rural, and produces too few things that people in other countries might want to buy. For it to catch up huge changes are needed – investments in infrastructure, in agriculture, in industry, in the skills of its people. For this to happen there is a need for both confidence in the future and a clear sense of direction. This has happened before, though, and Moldovans can look across the Prut to see the effects of such a perspective. Will there be a similar perspective for them soon?

The prospects of obtaining visa-free travel and signing the Association Agreement and DCFTA soon are both good news. At the same time Moldova desperately needs economic development and increased foreign direct investment. For this a clear long-term EU membership perspective would be crucial. If the EU wants Moldova to become a true success story in the Eastern neighbourhood, it should be prepared to go further.

²⁰ IPP, [“Fondurile structurale de la oportunitate de dezvoltare la buget de prada”](#), Bucharest, July 2011.

²¹ Data sources: the National Bank of Romania and National Bank of Moldova.

Return to Europe (2008 – 2012)

This twelve-part documentary series, an initiative by ERSTE Stiftung based on research by the European Stability Initiative (ESI) was the most ambitious TV project on South East Europe in the past decade.



The films focus on people who struggle for democratic values, who fight to overcome legacies of conflict and to create open societies. We meet human rights activists and journalists, subsistence farmers and business tycoons, football stars and prime ministers, all telling their own stories of how their societies – and their lives – are changing.

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**"a compelling documentary series
about the Balkans and Turkey"**

Olli Rehn, European Commissioner for
Enlargement

**"These are documentaries all citizens of
the European Union should have the
opportunity to see"**

Giuliano Amato, former Italian Prime
Minister

Montenegro: Wild Beauty

Kosovo: Cutting the lifeline

Albania: Albanian Renaissance

Macedonia: Macedonian Wedding

Bosnia: A miracle which does not shine

Serbia: Exit Europe

Romania: timisoara.com

Bulgaria: The long revolution

Greece: Alexander's shadow

Turkey: Istanbul – Truth, fear and hope

Croatia: Twilight of Heroes

Moldova: Lost in Transition

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