

# The Europeanisation of Moldova: Is the EU on the Right Track?

Francesco S. Montesano  
Tony van der Togt  
Wouter Zweers

Clingendael Report



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Cover photo: A folk dancer wearing an EU flag-skirt during the opening ceremony of the European Village in Chisinau on May 10, 2014. The event was organised with the occasion of Europe Day celebrations in Moldova.  
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# Abstract

This Clingendael Report argues that, in order to strengthen its profile and foster better implementation of the Association Agreement, the European Union (EU) needs to update its policies towards Moldova by means of a pragmatic mix of strict conditionality and strategic patience. While recent developments in the EU's approach offer room for optimism, Moldova's economic and political woes, coupled with the geopolitical sensitivity of the protracted Transnistrian conflict, require better investment and synergy of resources between the EU and its member states. If properly handled, Moldova could serve as the bridgehead of a stronger European impact in the volatile Eastern neighbourhood. Given the window of opportunity currently offered by Russia, Moldova also offers a chance for the EU to test Russia's willingness to cooperate in a pragmatic way in the so-called 'shared neighbourhood'.

# Introduction

In only a few years, Moldova has turned from being the 'poster child' of the EU's Eastern Partnership policy into the 'problem child' that it is today. Internal political developments in Moldova have contributed to the creation of a deeply entrenched and corrupt political system, which is led by pro-European forces in name only. Moreover, the protracted conflict with the breakaway region of Transnistria poses an external security challenge to the wider region, where the geopolitical situation is also affected by developments such as Russia's economic downturn and the present day conflict in Ukraine. Addressing these issues, as well as Moldova's economic and social problems, is therefore of major relevance to the EU for the success of its Eastern Partnership Policy. Against this background, the European Council has recently underlined the importance of full implementation of the Association Agreement (AA)/Deep and Comprehensive Free Trade Area (DCFTA), which fully entered into force on 1 July 2016, urging Moldova to strengthen its reformist drive.<sup>1</sup> The inclusion of Transnistria in the DCFTA could also open additional possibilities for the region to integrate more fully with 'right bank' Moldova.

In this light, this Clingendael Report assesses the EU's initiatives towards Moldova, both in the context of the Eastern Partnership and more specifically the AA. It will especially focus on the extent to which the EU's policies and instruments have contributed and could further contribute to fostering (re)integration-oriented stability and good governance in Moldova at large. Seeking to provide guidance to EU and national policymakers, the report specifically investigates what mix of policy principles should underpin the EU's (and its member states') approach to the country.

In order to do so, a first section outlines the core principles that should be at the basis of the EU's approach towards Moldova. Second, the report assesses Moldova's internal struggles, and the EU's policies targeting these. A third section focuses on the specific issue of Transnistria, again assessing developments on the ground and the EU policies that address them. Fourth, attention shifts to the external geopolitical factors that affect the effectiveness of the EU's engagement in Moldova.

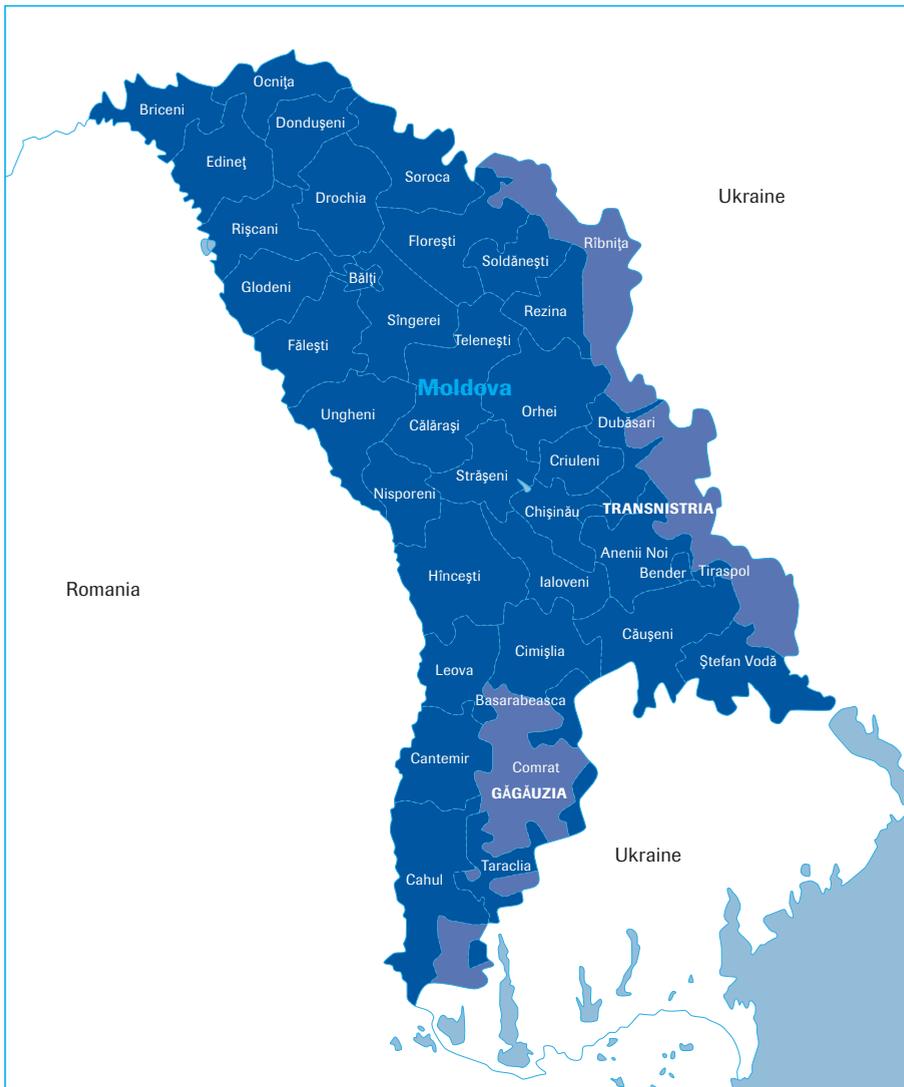
As the EU's approach to Moldova has not yet led to a fundamental internal stabilisation or a more definitive turn towards closer approximation with the EU, the report concludes by offering recommendations for how to improve the strategic effectiveness of the EU's engagement, including by streamlining the efforts of individual EU member states in support of reforms. It thereby also touches upon some 'lessons' to be drawn from

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<sup>1</sup> European Council, 15-02-2016. *Council Conclusions on the Republic of Moldova*, see [online](#) (accessed 09-03-2016).

the Moldovan case, which may also be applied in other Eastern Partnership countries, especially as Russia seems to offer some 'window of opportunity' for the EU to successfully implement its policies for integration, as embodied in the AA. Hence, the AA could be a stepping stone for closer EU–Russia cooperation in the Shared Neighbourhood.

**Map of Moldova (including Transnistria).**



Source: Wikipedia commons, see [online](#)

# 1 EU Policy in the Post-Soviet Space: Two Key Concepts

As will be illustrated in this report, Moldova features a complex array of both internal and external challenges that arise from governance dysfunctionalities and geopolitical frictions. From an EU perspective, this begs the question of which core principles should drive Brussels' approach to Moldova, in order to maximise its reformist impact while minimising any destabilising effect. Therefore, prior to illustrating and assessing the EU's key initiatives, we shall introduce the two partially complementary concepts of Europeanisation and strategic patience.

Within the context of the European Neighbourhood Policy (ENP), **Europeanisation** refers to the ability of the EU to deploy its 'normative' clout in order to foster stability and development in the target countries.<sup>2</sup> Europeanisation works via three main mechanisms: conditionality, namely a combination of carrots and sticks that are used to alter cost/benefit calculations so as to promote EU-compatible policies; socialisation, which is a longer-term process based on constant interaction through which the target country's elites and population at large gradually align to EU values and standards; and lesson-drawing, which is socialisation's more proactive and rationalist counterpart, with local elites shaping their policies by looking at EU-driven 'success stories' elsewhere.<sup>3</sup> Moreover, in (protracted) conflict-ridden contexts like Moldova, Europeanisation hinges on promoting the link between European integration and state reintegration. In this regard, lesson-drawing is especially prominent, and has led to powerful statements such as that of Moldova's former Deputy Prime Minister Victor Osipov: 'Achieving economic growth and welfare and cardinal democratic transformations through the European integration of Moldova will increase, without doubts, the attractiveness of the right bank for the left bank population and thus catalyse reintegration'.<sup>4</sup>

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2 For an in-depth analysis of the EU's normative power, see: I. Manners, 2002. 'Normative Power Europe: A Contradiction in Terms?', *Journal of Common Market Studies*, vol. 40, no. 2, pp. 235-258.

3 Alina Doroftei and Oazu Nantoi, 2009. 'The ENP and Conflict Resolution in Moldova', *Institute for Public Policy Moldova (IPP) Crisis Management Initiative*, p. 12.

4 Victor Osipov (2010), quoted in Rebecca Steglich, 2012. 'The EU as a Normative Power and Conflict Transformation in Moldova: A "Force for Good"?', *Journal of Contemporary European Research*, vol. 8, no. 1, pp. 75-89.

**Strategic patience** builds on the idea that security issues, particularly of the ‘softer’ kind like those pertaining to protracted conflicts, are best addressed by the EU by making use of a pragmatic trust-building approach. According to this policy paradigm, conflict resolution and state reintegration should not be pursued by prioritising deeper political convergence and heavily values-based reforms that largely make use of negative conditionality. Rather, such goals can be achieved by focusing on the ‘lower’ policy levels, seeking to improve cooperation in more practical fields, in order to strengthen gradually the overall governance performance of the target country. As a result, this increases the attractiveness of integration-oriented reforms and, ultimately, that of the parent country in the eyes of the breakaway units. The latter can also be targeted with ‘strategically patient’ initiatives, thanks to the low political content of such measures. The formula of ‘engagement without recognition’, which was adopted by the EU towards Abkhazia and South Ossetia, can also be read through these lenses.<sup>5</sup>

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5 See: Alexander Cooley and Lincoln A. Mitchell, 2010. ‘Engagement without Recognition: A New Strategy toward Abkhazia and Eurasia’s Unrecognized States’, *Washington Quarterly*, vol. 33, no. 4, pp. 59–73.

## 2 Europeanising Moldova

This chapter first outlines Moldova's intricate political landscape of the past years. Second, it provides an overview of the EU's – including the member states' – policies towards the country. Third, it assesses their effectiveness and identifies a number of implementation caveats.

### Moldova's Internal Struggles

Since the Twitter Revolution of 2009, Moldova has been characterised by a pluralistic, yet highly divided, political arena. In 2009, the pro-European coalition forced the pro-Russian Communist Party PCRM (Party of Communists of the Republic of Moldova) out of government for the first time since 2001. However, while this coalition was able to initiate some EU-oriented reforms, political deadlocks and the inability to address the critical issues of corruption and economic stagnation hindered the implementation of such reforms.<sup>6</sup> As a result, the November 2014 elections saw the pro-EU coalition barely edging out the more sceptical forces (by 45 percent to 39 percent),<sup>7</sup> hence – once again – hardly contributing to a stable political landscape.

Since then, the socio-political situation has been further complicated by endemic corruption and widespread financial mismanagement, peaking with the US\$ 1 billion-worth bank fraud.<sup>8</sup> This resulted in 2015 in an anti-corruption grassroots' protest by an estimated 40,000 people, demanding the resignation of the government and conviction of those oligarchs and politicians who were believed to be involved in the fraud scandal, who are mostly affiliated with the leading pro-European coalition and include former Prime Minister Vlad Filat.<sup>9</sup>

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6 Witold Rodkiewicz, 2012. 'The Consequences of Electing the President of Moldova', *OSW Analysis*, see [online](#) (accessed 24-06-2016); and Daniel Brett and Eleanor Knott, 2015. 'Moldova's Parliamentary Elections of November 2014', *Electoral Studies*, vol. 40, p. 3.

7 Erwan Fouéré, 2015. 'Moldova in 2015: A Decisive Year for its Future', *CEPS Commentary*, p. 1.

8 In November 2014, it became evident that 1 billion dollars, equal to approximately 15 percent of Moldova's annual GDP, had disappeared via fraudulent transactions from three main banks in Moldova, forcing the central bank to perform a bailout of US \$870 billion. See: Radio Free Europe, 2016. *Moldova's Missing Millions: Massive Bank Scandal Roils Chişinău*, see [online](#) (accessed 20-04-2016).

9 See: Reuters, 2015. *Moldova Faces Turmoil after Government Falls over \$1 Billion Fraud*, see [online](#) (accessed 20-04-2016); and Vladimir Socor, 2015. 'Moldovan Billionaire Plahotniuc Gaining More Political Power', *Eurasia Daily Monitor*, vol. 12, no. 188.

Although that government has indeed stepped down and Filat currently awaits his verdict in prison, the pro-European coalition has managed to stay in power, installing its third government in a year as of January 2016.<sup>10</sup> Whereas at first sight the political landscape seems pluralistic, numerous authors have recently pointed to the development of a fundamental power concentration around Vladimir Plahotniuc, the country's richest oligarch and de facto leader of the pro-European Democratic Party. Plahotniuc increasingly controls large parts of the Moldovan political and judicial bodies, thereby undermining Moldova's fragile democracy and posing a serious threat to further European reforms and the full implementation of the AA.<sup>11</sup>

Despite some reforms, Moldova's democratic institutions thus remain weak and biased. As a result, the general public's trust in bodies such as the parliament, president, government, political parties and the police has slowly diminished over the past ten years.<sup>12</sup> Freedom House rated the functioning of government and rule of law as particularly low in its 2015 country report on Moldova, and envisaged a further downward trend in 2016.<sup>13</sup>

## The EU in Moldova: Principles and Policies

### EU Policies and AA

Since the failed Russia-initiated 'Kozak Memorandum' in 2003,<sup>14</sup> Moldova's capital Chişinău has domestically been driven by an overall pro-Western policy shift. For the leaders of the then-ruling Communist Party, which was seeking to rebalance against Russia's grip on Moldova, integration in the European Union became the strategic

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10 Socor, 2015. 'Moldovan Billionaire Plahotniuc Gaining More Political Power'.

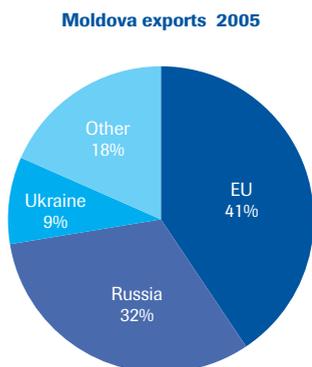
11 Kamil Calus, 2016. 'Moldova: From Oligarchic Pluralism to Plahotniuc's Hegemony', *OSW Commentary*, see [online](#) (accessed 20-04-2016); and Vladimir Socor, 2016. 'Plahotniuc's Power Base in Moldova', *Eurasia Daily Monitor*, vol. 13, no. 7.

12 Institute for Public Policy, *Barometer of Public Opinion – December 2005*, p. 36; *Barometer of Public Opinion – November 2015*, p. 35, see [online](#) (accessed 25-04-2016).

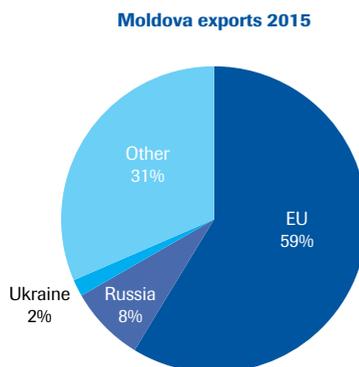
13 Freedom House, 2015. *Freedom in the World, Country Report on Moldova 2015 and 2016*, see [online](#) (accessed 25-04-2016).

14 A Russian-initiated proposal for a unilateral settlement of the Transnistria conflict, proposing a federal Moldovan state with autonomy rights for Transnistria. It was initially backed by Moldovan President Vladimir Voronin, but eventually rejected because of both domestic political and EU pressure. See: John Löwenhardt, 2004. 'The OSCE, Moldova and Russian Diplomacy in 2003', *Journal of Communist Studies and Transition Politics*, vol. 20, no. 4, pp. 103–112.

priority.<sup>15</sup> For the EU, in light of its goal to create ‘a ring of well-governed countries’<sup>16</sup> to the east and south, as well as Moldova’s increased proximity to the EU’s borders after the 2004 and 2007 EU enlargement rounds, interest in Moldova rose significantly. This was illustrated by Moldova’s inclusion in the ENP in 2003 and the related 2005 EU–Moldova Action Plan. This policy was further developed in the context of the Eastern Partnership policies from 2009.



Source: National bureau of Statistics of the Republic of Moldova, see [online](#)



Source: European Commission DG Trade, 2016. *European Union, Trade in Goods with Moldova*, see [online](#)

Since then, the EU has deployed a broad variety of instruments in its approach towards Moldova, ranging from the EU Border Assistance Mission (EUBAM) at the Transnistria–Ukraine border to the signing of visa facilitation and re-admission agreements. Moldova was the first country of the Eastern Partnership to be granted visa-free travel for its citizens for tourist purposes. Economically, the EU has started to let Moldova integrate its economy gradually into the EU’s internal market, first by implementing an Autonomous Trade Preferences (ATP) scheme, and, starting in 2014, through the DCFTA. This has led to the EU becoming by far Moldova’s largest trade partner.<sup>17</sup>

15 Christian Cantir and Ryan Kennedy, 2015. ‘Balancing on the Shoulders of Giants: Moldova’s Foreign Policy toward Russia and the European Union’, *Foreign Policy Analysis*, no. 11, p. 404.

16 European Council, *European Security Strategy 2003*, see [online](#) (accessed 25-04-2016).

17 2014 Imports: 48.8% from the EU; 13.5% from Russia. Exports: 54.1% to the EU; 18.4% to Russia. See: European Commission DG Trade, 2016. *European Union, Trade in Goods with Moldova*, see [online](#) (accessed 25-04-2016).

With the conclusion of negotiations on the Association Agreement with Moldova, a complementary Association Agenda comprising a structured and prioritised time plan, including benchmarks to both guide and monitor the implementation process, was put in place, succeeding the 2005 ENP Action Plan.<sup>18</sup> Virtually all of the EU's policies and instruments have since then been aligned to support this process. The key bilateral instrument – that is, the European Neighbourhood Instrument (ENI) – reflects the implementation priorities stemming from the AA in its Single Support Framework 2014–2017 for Moldova (and other agreements, such as those on visa facilitation and re-admission), besides building upon past support programmes.<sup>19</sup> The EUBAM border control mission, where the mandate has (again) been prolonged for a period of two years, continues to target human trafficking and the smuggling of goods, objectives that are not only reflected in the ENI but also in the AA.<sup>20</sup>

### EU-Moldova Cooperation Timeline

- 1998: EU-Moldova Partnership and Cooperation Agreement
- 2005: Inclusion Moldova in ENP, ENP Action Plan launched
- 2005: Start EUBAM border mission
- 2009: Start Autonomous Trade Preferences
- 2009: Start EU Confidence-Building Measures programme Transnistria (in UNDP framework)
- January 2010: Start of negotiations on AA/DCFTA
- May 2010: Moldova joins Energy Community
- June 2010: Start EU-Moldova Visa Liberalisation Dialogue
- April 2014: Moldovan citizens gain visa free travelling to the EU
- June 2014: Conclusion of AA/DCFTA and provisional application
- June 2014: ENP Action Plan replaced by Association Agenda
- July 2015: EU suspends budget support after bank frauds
- July 2016: AA fully into force

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18 Association Agenda between the European Union and the Republic of Moldova, see [online](#) (accessed 11-05-2016), p. 1.

19 European Neighbourhood Instrument (ENI) Single Support Framework 2014–2017 for Moldova, see [online](#) (accessed 24-06-2016), p. 4. All of the following information on the Single Support Framework was obtained from this document.

20 Association Agreement between the European Union and the European Atomic Energy Community and their Member States, on the one part, and the Republic of Moldova, on the other part, see [online](#) (accessed 24-06-2016). All of the following information on the Association Agreement was obtained from this document.

The AA is divided into seven titles, the most extensive of which lays down the provisions for the DCFTA. Although reforms on trade and trade-related matters do bring about approximation to the EU's *acquis communautaire* and therefore act as an 'indirect' instrument of Europeanisation, comprehensively increased proximity to the EU is mainly achieved in the more domestic domains targeted by the AA. Besides, the Moldovan and Transnistrian markets are of negligible importance to the EU, whose interest is mainly driven by a desire to have a stable neighbour that reflects European values and standards.<sup>21</sup> The main issues in Moldova on which the EU focuses can thus be divided into: a) governance issues such as corruption, weak performance of the judiciary and other public bodies, underdeveloped public administration and police/border management; b) economic underdevelopment and underdeveloped social standards and policies; and c) societal issues, comprising a weak civil society, violations of human rights, and monopolised and biased media.

### **Governance Issues**

One of the foremost sectors targeted in the AA, accounting for around 30 percent of the ENI budget, is the Moldovan public administration. The objectives include enhancing transparency, the functioning and efficiency of central and local administrations through capacity development and institution-building, for which the EU provides technical support and encourages approximation to EU legislation and technical standards.<sup>22</sup>

Additionally, dysfunctionality mars Moldova's judiciary and police sectors, hence undermining the rule of law and functioning of border control. For the judiciary, EU support focuses specifically on professionalising institutions such as the prosecutor's office and more generally on coordinating reform of the whole sector.<sup>23</sup> Regarding the police sector, about 20 percent of the ENI is allocated to police reform and border management, thereby targeting – as identified in the AA – institutional underdevelopment, law enforcement capacities, organised crime, border issues such as human trafficking and smuggling of goods, and imprisonment conditions.

One strongly disruptive factor in all of the above-mentioned facets of Moldovan society that the AA aims to eliminate is corruption. EU support here mainly focuses on strengthening the Moldovan National Anticorruption Centre (NAC), with which the European Anti-Fraud Office (OLAF) signed an administrative cooperation arrangement in October 2015. Within the NAC, a special unit for fighting high-level corruption

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21 Interview with EU diplomat, 18-05-2016.

22 See: EU Delegation to Moldova, *Strengthening Public Financial Management in the Republic of Moldova*, see [online](#) (accessed 24-06-2015).

23 See: EU Delegation to Moldova, *Support to Coordination of the Justice Sector Reform in Moldova*, see [online](#) (accessed 24-06-2016).

has been established. Moreover, Moldova is in the process of developing a National Anticorruption Strategy, implementing a system of control of public officials' wealth and interests, and aligning its legislation with various EU directives on money laundering and the financing of terrorism.<sup>24</sup>

## Economic Underdevelopment and Social Standards

Apart from establishing dialogue, the economic segment of the AA (Title IV) aims at improving Moldova's economic situation by, first, focusing on technical areas of major importance to the proper functioning of the economy, ranging from taxation and financial services to company law and accounting.

Second, the AA specifically addresses poverty, in line with the main concerns of 26 percent of Moldova's population.<sup>25</sup> EU projects have in the past especially focused on addressing the negative effects of migration and the sustainable use of remittances by generating local income, as these issues are at the root of poverty in Moldova.<sup>26</sup> The economic development of Moldova's population is furthermore targeted by strengthening social policies and employees' rights, and by providing equal opportunities and consumer protection. So far, Moldova has adopted various laws on social security, and concluded bilateral meetings with eleven EU member states on the issue.<sup>27</sup>

The AA's sectoral cooperation provisions are particularly comprehensive in the energy sector and agriculture and rural development. Rural development is of the utmost importance to the EU, as 30 percent of the ENI budget is allocated here, in order to achieve balanced and inclusive economic development in rural areas. Moldova has on its part drawn up an action plan for a national Agriculture and Rural Development Strategy and transposed European regulations into national law.<sup>28</sup> Regarding energy, Moldova has been physically connected to the EU's energy market by the construction of the Iasi–Ungheni pipeline in 2014, although this has negligible impact on what remains a de facto Russian monopoly. Although Moldova became a member of the European Energy Community in 2010, after effective Russian intervention (by means of pressuring

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24 Moldovan Progress Report on the Implementation of the Republic of Moldova – European Union Association Agenda, September 2014–March 2016, see [online](#), (accessed 24-06-2016), pp. 4 and 7–8.

25 Institute for Public Policy, *Barometer of Public Opinion – November 2015*, p. 16, see [online](#) (accessed 25-04-2016).

26 See: EU Delegation to Moldova, *List of Projects*, see [online](#) (accessed 24-06-2016).

27 Moldovan Progress Report on the Implementation of the Republic of Moldova – European Union Association Agenda, p. 16.

28 See: Energy Community, *Moldova*, see [online](#) (accessed 24-06-2016).

Moldova on the issue of the Transnistrian debt to Gazprom), full implementation of the Third EU Energy Package has been postponed until 2020.<sup>29</sup>

## Societal Issues

The AA not only targets government bodies but also civil-society actors, with a first civil-society platform meeting taking place in May 2016.<sup>30</sup> About 5 percent of the ENI budget is allocated to civil-society actors. The scope of past EU projects has centred on empowering civil-society actors in areas ranging from sustainable development to HIV/AIDS prevention, as well as strengthening civil-society capacities to oversee reform processes in Moldova.<sup>31</sup>

In order to foster the more heterogeneous and independent media landscape that is required by the AA, Moldova has adopted several laws targeting its widespread monopolies.<sup>32</sup> Furthermore, the EU has engaged in projects aiming to promote freedom of the press and to strengthen Moldovan media capacity.<sup>33</sup> However, the EU's *European Neighbourhood Policy Progress Report* for Moldova in 2015 noted that although the media in Moldova enjoy a good level of freedom compared to the regional average, concentration of ownership by political and business interest groups remains high, thereby undermining independence and transparency.<sup>34</sup>

Upholding human rights is also a cross-cutting societal issue of importance with regard to aligning Moldova with EU standards and values. Both the AA and the ENI single support framework state that in all sectors of intervention, human rights will be addressed. A good example is provided by the police sector reforms, which are also aimed at improving imprisonment conditions.<sup>35</sup> Other specific EU initiatives have focused on eliminating torture and ill treatment, and the monitoring of particularly vulnerable groups such as children, women, persons with disabilities and minority groups.<sup>36</sup>

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29 Moldovan Progress Report on the Implementation of the Republic of Moldova – European Union Association Agenda, p. 21.

30 See: EU Moldova Civil Society Platform, *Joint Declaration 1<sup>st</sup> meeting, Brussels 10 May 2016*, see [online](#) (accessed 24-06-2016).

31 See: EU Delegation to Moldova, *List of Projects*, see [online](#) (accessed 24-06-2016).

32 Moldovan Progress Report on the Implementation of the Republic of Moldova – European Union Association Agenda, p. 31.

33 See: EU Delegation to Moldova, *List of Projects*, see [online](#) (accessed 24-06-2016).

34 EEAS, *European Neighbourhood Policy Progress Report: 2015 Moldova*, see [online](#), pp. 2 and 5.

35 Moldovan Progress Report on the Implementation of the Republic of Moldova – European Union Association Agenda, p. 23.

36 See: EU Delegation to Moldova, *List of Projects*, see [online](#) (accessed 24-06-2016).

In addition to the continued dialogue with the EU, Moldova has drafted an action plan on human rights, as well as a strategy on national minorities.<sup>37</sup>

### **The Role of EU Member States**

When assessing the effectiveness of any EU external engagement, it is not possible to overlook the role played by the EU member states. With regard to Moldova (and Transnistria), several EU countries have put in place a variety of initiatives, ranging from the United Kingdom's Peacebuilding Framework Project – which spearheaded stronger engagement with civil society in both Moldova and Transnistria – to France's mostly culture-related dealings. For rather obvious geopolitical reasons, a key player is also Romania, whose involvement includes a 'soft' (that is, with few strings attached) credit line of approximately €150 million. Moreover, within the ENI Single Support Framework, an overview of EU member states' donor support across six main areas of intervention highlights the diversity of the aforesaid engagement. Particularly active countries include Germany, the Czech Republic and Sweden.<sup>38</sup>

While some of these initiatives have shown remarkable compatibility with the overall EU goals, at times even explicitly emphasising the importance of Europeanisation in achieving stability and prosperity (for example, the United Kingdom), the EU member states' contribution to addressing Moldova's issues and dysfunctionalities remains fairly mixed. First, even a cursory look at the aforementioned Single Support Framework reveals the unevenness of the EU member states' engagement. For example, several areas, particularly in the domain of peace and security, remain virtually untouched, hence doing little to relieve some of the pressure off the European Commission's shoulders, while other areas (such as cooperation with civil society and agriculture) feature a number of engaged member states, but whose efforts remain 'insular' and lack synergy. In addition, countries with stronger vested political interests can even work at cross purposes to the EU. Most prominently, Romania's budget support has been drawing significant criticism from senior EU diplomats, as it helps Moldova's economy remain afloat, thereby reducing the urgency for Moldova to implement reforms.

### **Success or Failure?**

This begs the question of to what extent the instruments assessed above have succeeded in bringing forth Europeanisation by full implementation of the AA, and which main problems arise in this process. It has to be noted here that the Association

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37 Moldovan Progress Report on the Implementation of the Republic of Moldova – European Union Association Agenda, p. 5.

38 Projects of the European Union in Moldova, see [online](#) (accessed 24-06-2016).

Agenda sets out a timeline of up to ten years for implementation, so full implementation should not be expected upon entry into force. According to Moldovan data, of the provisions required to be implemented upon entry into force, about 65 percent have been implemented so far.<sup>39</sup> However, two problems arise with regard to the trustworthiness and meaning of the statistics provided by Moldova.

First, they are based on the implementation of the National Action Plan for Implementation of the Association Agreement (NPAA), which Moldova adopted in October 2014. However, various independent reports have highlighted the considerable shortcomings of this plan, most notably its lack of consistency with the Association Agenda's priorities and a general lack of clear prioritisation, as well as vague formulations and the 'assumption of commitments that are in fact the authorities' basic institutional obligations'.<sup>40</sup> These shortcomings point to a more general concern among EU officials about Moldovan officials drawing up so-called 'action plans', which are suspected of merely serving as a means to keep EU officials happy.

A second problem is that although the rate of adoption of required legislation might indeed approach 65 percent, it remains unclear whether this legislation is actually applied and translated into daily practices. In other words, adopting a law on paper does not equal real implementation, therefore undermining the credibility of the provided numbers. An additional complication here is that concrete implementation is very hard for the EU to monitor and to translate into quantitative terms.<sup>41</sup> Although Moldova has repeatedly expressed its preference for EU involvement in the implementation of reforms, the risk of being held accountable in cases of lack of progress has made EU officials more reluctant to play a direct role.<sup>42</sup>

In fostering implementation, another problem for the EU is the relative lack of leverage that it holds over Moldova compared to the stronger *acquis*-linked toolkit that it can use on both member states and candidate countries. Without being able to start an infringement procedure, the EU's leverage is limited to temporarily discontinuing direct financial support and suspending or abolishing the AA altogether. There is a substantial risk that these measures would prove to be counterproductive, as they would also involve a considerable loss of influence in Moldova. Moldovan authorities

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39 Up to the 10 March 2016, as per authors' own calculations based on 'Moldovan Progress Report on the Implementation of the Republic of Moldova – European Union Association Agenda', and Ministry of Foreign Affairs and European Integration of the Republic of Moldova, *AA Implementation in Numbers*, see [online](#) (accessed 19-05-2016).

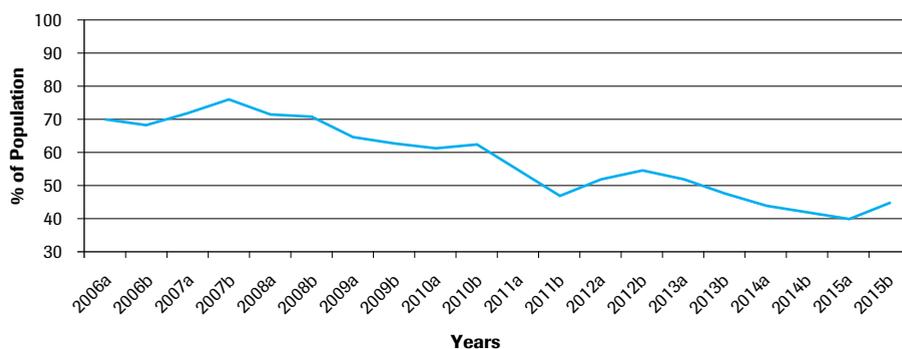
40 Expert-Grup Independent Think Tank, *Euromonitor: Achievements and Challenges in Implementing the EU-RM Association Agreement*, p. 8.

41 Interview with EU diplomat, 18-05-2016.

42 Interview with EU official, 03-05-2015.

are very much aware of this and – after the EU actually did suspend budget support following the banking scandals in 2015 – they have threatened to reconsider Moldova’s pro-EU stance in favour of a Moscow-friendly position.<sup>43</sup> The fact that Moldovan public support for joining the Eurasian Economic Union still outweighs support for European integration illustrates that this is not a hollow threat but a genuine risk.<sup>44</sup> However, as the EU’s soft-conditionality approach of providing ‘blind’ budget support had not been effective in delivering tangible results, the decision after the 2015 bank fraud to suspend EU payments was the right move, and should have happened almost two years earlier.<sup>45</sup> Indeed, less strict conditionality on the part of the EU undermines the Moldovan citizens’ trust in Brussels, as they associate this with collusion with their corrupt local elites. The fact that Moldovan public support for EU integration actually went up after the suspension of payments provides a striking illustration of this point.<sup>46</sup> Moreover, as will be elaborated later in this report, the risk for the EU of ‘losing’ Moldova is mitigated when the current geopolitical dynamics in the Shared Neighbourhood are taken into account.

### Public support in Moldova for joining the European Union



Source: IPP public barometers spring and fall 2006-2015

43 Interview with EU diplomat, 18-05-2016.

44 Institute for Public Policy, *Barometer of Public Opinion – November 2015*, p. 67, see [online](#) (accessed 25-04-2016).

45 Interview with EU official, 03-05-2015.

46 Institute for Public Policy, *Barometer of Public Opinion – November 2015*.

# 3 Europeanising Transnistria

This chapter focuses on the specific issue of Transnistria, starting by providing the region's political and economic background which helps explain its present state of play. It then assesses the nature and scope of EU policies towards the area, before evaluating their impact in terms of both local development and regional reintegration.

## The Transnistrian Issue

Among the most visible **bridges between the internal and external dimension** of Moldova's challenges is undoubtedly the longstanding Transnistria issue. Since 1992, Transnistria has grown to become a textbook case of the several protracted conflicts that are scattered around the post-Soviet space. From an EU perspective, breakaway regions such as Transnistria not only destabilise the security landscape in the broader neighbourhood, but also hinder the pro-European integration path of the 'parent country', in this case Moldova.

Although the official negotiation framework has been in place in its present configuration (named 5+2) since 2005, comprising the parties concerned (that is, Moldova and Transnistria), the mediators (Russia, Ukraine and the Organisation for Security and Cooperation in Europe (OSCE)), and two observers (the EU and the United States), little progress has been made in the settlement of the conflict because of several factors. First, growth of the entrenched interests of the Transnistrian elites in the continuing existence of their unrecognised separatist entity acts as a powerful incentive for maintaining the status quo. As political and economic power in Transnistria is highly concentrated, the Transnistrian elites profit from corruption and privatisation, a situation that is likely to change when the conflict is officially settled. Second, the geopolitical competition between the EU and Russia complicates the process of reaching a settlement. Russia effectively uses its military presence in Transnistria, its monopolist position as energy supplier, and subsidies and direct humanitarian aid measures as both leverage in the negotiations and to influence facts on the ground. Third, as poverty and an underdeveloped social system still prevail, especially in the more rural areas, and the media remain underdeveloped and unfree, there is a lack of push factors from society to alter the status quo. Finally, Moldova's internal political and economic struggles erode its capacity to manage the conflict and to limit its attractiveness to Transnistrian citizens.<sup>47</sup>

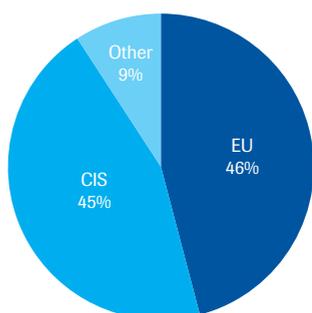
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47 Alina Doroftei and Oazu Nantoi, 2009. 'The ENP and Conflict Resolution in Moldova', *Institute for Public Policy Moldova (IPP) Crisis Management Initiative*, pp. 13–16.

In addition, the fact that this unrecognised area has developed mostly outside the control of Chişinău for almost 25 years has created facts on the ground that cannot be easily ignored. Processes of state- and nation-building in Transnistria have been partially successful, resulting in a divergent economic, political and societal landscape from the main state. Various bodies such as the police, as well as a social infrastructure, have developed independently from Moldova.

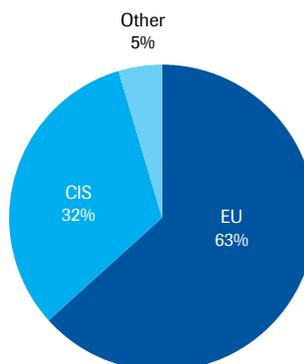
Economically, Russian ownership of Transnistria's heavy and textile industries and the region's dependence on imports still prevail. Transnistria has a corrupt, largely grey economy, known for the smuggling of fake goods such as clothing and cigarettes. Barely able to attract foreign investment or capital other than from Russia, the European and more recent Russian economic downturns have resulted in massive trade deficits, exposing the weaknesses of the Transnistrian economy.<sup>48</sup> It is only because of Russian aid that living standards have not completely plummeted.<sup>49</sup> However, in terms of exports, Transnistria has followed the Moldovan shift of focus towards the West, thanks to the EU's preferential trade system that is now being replaced by the DCFTA.

Transnistria exports 2012



Source: OSW Commentary, 2013. *An aided economy. The characteristics of the Transnistrian economic model*, see [online](#).

Transnistria exports 2015



Source: Novosti Pridnestrovyia, 18-01-2016. *Pridnestrovia's Foreign Trade in 2015: Deficit in the east, Parity in the West*, see [online](#).

48 See: Berlin Economics, 2013. *The Impact of the EU–Moldova DCFTA on the Transnistrian Economy: Quantitative Assessment under Three Scenarios*, pp. 2–9; Expert-Grup Independent Think Tank, 2015. 'Transnistrian Economy at the Crossroads?', *Regional Economic Review: Transnistrian Region*, no. 3, pp. 24–26.

49 Helge Blakkisrud and Pål Kolstø, 2011. 'From Secessionist Conflict toward a Functioning State: Processes of State- and Nation-Building in Transnistria', *Post-Soviet Affairs*, vol. 27, no. 2, pp. 189–192.

Although Transnistria's previously all-powerful President Igor Smirnov was ousted in 2011 and internal politics have become slightly more pluralistic, most politicians are still backed by either influential economic interest groups and/or Russia.<sup>50</sup> Unsurprisingly, to this date all members of Transnistria's political establishment share the external objectives of independence from Moldova and international recognition.<sup>51</sup> To back this case, the Transnistrian government has actively and rather successfully promoted a Transnistrian national post-Soviet identity and a feeling of belonging to a broader 'Russian world'.<sup>52</sup> This partly stems from a growing sense of insecurity within Transnistria that is caused by the geopolitical spill-over effects of the Ukraine crisis.

## EU Policies towards Transnistria

Almost every EU document with regard to Moldova addresses the issue of Transnistria. Apart from being an observer in the 5+2 framework, the EU has deployed several instruments on the ground, both directly and indirectly, to foster reintegration of the region into Moldova proper, thereby engaging with the de facto authorities and civil-society actors. Key tools for the EU in targeting civil-society actors are the so-called confidence-building measures (CBMs), which seek to foster cooperation between non-governmental organisations (NGOs), business communities, the media and other civil-society organisations on both sides of the Dniester River.<sup>53</sup>

In Transnistria, CBMs target the fields of health care, environmental protection and social infrastructure renovation through local development. They thus not only enhance interaction between Moldovan and Transnistrian citizens, but also bring about socio-economic development and empower civil-society actors. One example of how CBMs bring real and visible change to Transnistrian citizens is the renovation of hospitals and new supplies of medical equipment.<sup>54</sup> Other projects have focused on improving school conditions, water access and road infrastructure.<sup>55</sup> In order to increase their impact further, CBMs have been carried out in cooperation with the United Nations

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50 Blakkisrud and Kolstø, 2011. 'From Secessionist Conflict toward a Functioning State', p. 200.

51 Andrey Devyatkov and Marcin Kosienkowski, 2013. 'Testing Pluralism: Transnistria in the Light of the 2011 Presidential Elections', *Spotkania polsko-moldawskie: Księga poświęcona pamięci Profesora Janusza Solaka* [Polish-Moldovan Meeting: Book Dedicated to the Memory of Professor Janusz Solak], pp. 308 and 311.

52 Blakkisrud and Kolstø, 2011. 'From Secessionist Conflict toward a Functioning State', pp. 193-198.

53 See: EU Delegation to Moldova, *List of Projects*, see [online](#) (accessed 24-06-2016).

54 UNDP Moldova, *A Hospital where Patients Get Well Faster*, see [online](#) (accessed 24-06-2016).

55 UNDP Moldova, *Map of Social Infrastructure Projects*, see [online](#) (accessed 24-06-2016).

Development Programme (UNDP). Between 2009 and 2014, the EU provided €13.2 million for the programme.<sup>56</sup>

Despite their importance at the community level, CBMs do not have a major effect on the political level. Therefore, the EU directly engages in dialogue with the de facto authorities in Transnistria's capital Tiraspol, despite not officially recognising them. Given how the Transnistrian economy is nowadays heavily dependent on EU markets, the EU owned an important lever to include the region in the DCFTA, as became clear during the negotiations with Transnistrian officials on this issue at the end of 2015.<sup>57</sup> However, even with Transnistria now included in the DCFTA, the means of monitoring and fostering implementation in the breakaway region are very limited.<sup>58</sup> The crux here is that although Moldova is the contracting party in the AA and thus accountable, Transnistrian authorities allow minimal access for officials in the Moldovan capital Chişinău to monitor whether EU standards under the AA for production, packaging and the transport of goods are indeed being implemented.<sup>59</sup> One AA progress report therefore urges that 'the Association Agreement's basic implementation is intensified through urgent and consistent actions that involve a high level of coordination between the main relevant public institutions, particularly in terms of verification and compliance with the rules of origin, customs procedures and quality standards in order to promote the integration of the Transnistrian region'.<sup>60</sup> However, there is a real risk that Chişinău will try to use its monitoring responsibilities to apply pressure on Tiraspol, which already fears a broader (enforced) application of EU norms and standards that go beyond purely trade-related measures. In the present insecure situation, this would not lead to confidence-building between the parties concerned. The EU should therefore act as a credible honest-broker, even if this means taking more direct responsibility for monitoring reforms and approximation of standards, also in Transnistria.

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56 UNDP Moldova, Support to Confidence-Building Measures Programme, see [online](#) and [online](#) (accessed 24-06-2016).

57 Stanislav Secieru, 2016. 'Transnistria Zig-zagging towards a DCFTA', *PISM Policy Paper*, vol. 145, no. 4, pp. 2-3.

58 Decision No. 1/2015 of the EU-Republic of Moldova Association Council of 18 December 2015, see [online](#) (accessed 24-06-2016).

59 Interview with EU diplomat, 18-05-2016.

60 Expert-Grup Independent Think Tank, *Euromonitor: Achievements and Challenges in Implementing the EU-RM Association Agreement*, p. 7.

## Success or Failure?

Although Moldova and Transnistria have continued to alienate each other over time, fostering economic reintegration and interdependence could be a first step to bring the parties back together. Managing to include Transnistria in the DCFTA can be looked at as a success story for the EU, as was acknowledged in various European media.<sup>61</sup> It shows that imposing strict conditionality on Transnistrian officials, and not giving in to their demands to prolong the scheme of autonomous trade preferences, has been an effective strategy because of the economic leverage that the EU has gained over recent years. However, whether the EU can effectively enforce implementation of the DCFTA in the region as a whole remains to be seen.

Meanwhile, the CBMs fulfil an important role on a community level in local development and in fostering cooperation between people from both sides of the Dniester River. By doing so, they provide a clear example of strategic patience, with the EU slowly having impact on the ground in order to plant the seeds for further Europeanisation of the area. In order to improve Transnistrian citizens' perceptions of the EU, it is thus crucial for the EU to give more visibility to the positive effects of its policies in the region. In this context, while preserving coordination with other aid and development actors, the EU could consider taking more direct responsibility for the implementation of the CBMs instead of contracting this out to UNDP.

Despite the relative successes of both more active and patient forms of EU engagement, the prospects for conflict settlement are low, as reintegration is almost entirely an externally driven process. Both Transnistria and Moldova have, despite Moldova's official discourse, no real interest in reintegration at present.<sup>62</sup> On the right bank of the Dniester River (that is, the western bank), the historically present support for reunification with Romania reached 21 percent in a poll conducted in November 2015.<sup>63</sup> Therefore, if the current elite fails to deliver on its 'Europeanising' promises, there could be a real threat that reunification may eventually come to be seen as a credible alternative to the Europeanisation of the country. Were this to happen, not only would any prospect for reintegration with Transnistria be destroyed, but this would also lead to another geopolitical crisis, further destabilising an already volatile region. This is yet another reason why Europeanisation hinging on AA-based reforms is the only way forward to prevent further turmoil.

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61 Thomas de Waal, 2016. 'An Eastern European Frozen Conflict the EU Got Right', *Politico*, see [online](#) (accessed 24-06-2016).

62 Interview with EU official, 03-05-2015.

63 Institute for Public Policy, *Barometer of Public Opinion*, November 2015.

# 4 Moldova: Stuck between the EU and Russia

In this chapter, attention shifts to the external geopolitical factors that affect the effectiveness of the EU's engagement in Moldova. First, Russia's influence on Moldova is examined, before zooming in on the specific regional power dynamics at play in Transnistria. Special attention is devoted to how EU policymakers should take Moscow's activity into account when developing their own strategies.

## Russian Influence on Moldova

Moldova's internal instability is strongly rooted in its recent history as a centrepiece in the geopolitical struggle that has developed between the EU and Russia in the Shared Neighbourhood. Chişinău's Soviet past has allowed Moscow to entangle Moldova in considerable economic (and consequently political) dependence in a variety of areas, ranging from the energy sector to Russia-originating remittances, which still account for over 9 percent of Moldova's GDP.<sup>64</sup> Over the past few years, the Kremlin has successfully deployed both obstructive and constructive strategies to preserve or gain influence in Moldova, often through its relations in the Moldovan political and economic elites. Trade embargoes, public campaigns, and by using its de facto monopolist position as a gas supplier as leverage, as well as Moscow's weight in Transnistria, have proved to be successful tools in pressuring Moldova to refrain from more substantial EU-oriented reforms.<sup>65</sup> The remaining strong ties between Russia and Moldova have thus obviously affected the development of Moldova's relations with the EU.

The strategic success of the EU's initiatives and instruments is consequently highly dependent on its ability to diversify its actions according to the nature and scale of Moscow's influence, which in turn vary from sector to sector. For instance, in the energy sector, where Russia holds considerable leverage through its monopolist supplier position, the EU should opt for the tactic of strategic patience, rather than strive for quick Europeanisation based on conditionality. Concrete EU initiatives such as the installation of biomass-powered heating systems in Moldovan public institutions, which – apart from other positive effects – decrease dependency on Russian energy

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64 Tony van der Togt, Francesco S. Montesano and Iaroslav Kozak, 2015. 'From Competition to Compatibility: Striking a Eurasian Balance in EU–Russia Relations', *Clingendael Report*, p. 45.

65 Stanislav Secieru, 2014. 'Moldova on the Path to Europe: Not Yet Irreversible', *European View*, no. 3, pp. 6–7.

supplies, offer a good example of the validity of this tactic.<sup>66</sup> Altering facts on the ground strengthens the EU's position in the long term. On the other hand, more direct 'Europeanising' counterweights can also be used to balance against Russian influence in Moldova. For example, by pushing for the implementation of AA chapters on the media, the EU has spurred the adoption of new media laws that favour a more pluralistic and diversified media landscape, thereby directly impacting upon Russia's relative dominance of information sources.<sup>67</sup>

Russia's influence in Moldova is also relevant to the EU's engagement at the political level. Russia's strong ties with parts of the Moldovan elite provide the EU with the crucial dilemma of with which local political actors it should choose to engage in order to foster real reforms. On the one hand, the pro-Europeans seem to be most tainted by a profoundly corrupt post-Soviet system, which the EU would like to see fundamentally altered. On the other hand, the more pro-Russian forces inside Moldova seem to be pushing towards membership of the Eurasian Economic Union,<sup>68</sup> although in practice they may consent to the implementation of the EU–Moldova AA. Overreliance on the pro-European coalition would weaken the EU's position if either the Communist Party or even the more Russia-oriented Party of Socialists of the Republic of Moldova (PSRM), which obtained 25 seats in the last parliamentary elections, comes to power.<sup>69</sup> Therefore, the EU should diversify its engagement by broadening its support to more 'genuinely' pro-EU stakeholders, such as grassroots movements and other civil-society platforms. As the recently published *EU Global Strategy* acknowledges:

When the 'centre' is broken, acting only top-down has limited impact. [...] Working at the local level can help basic services be delivered to citizens, and allows for deeper engagement with rooted civil society. Working in this direction will also improve our local knowledge, helping us distinguish between those groups we will talk to without supporting, and those we will actively support [...].<sup>70</sup>

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66 See: European Commission, *Moldova Energy and Biomass Project*, see [online](#) (accessed 24-06-2016).

67 Moldovan Progress Report on the Implementation of the Republic of Moldova – European Union Association Agenda, pp. 5–6 and 31.

68 See, for example: Ruslan Kostyuk, 22-02-2016. 'Will Moldova Become a New Flashpoint for Russia and Europe?', *Russia Direct*; and Andrey Devyatkov, 2016. *Moldova: The End of the Star Wars Era*, see [online](#) (accessed 24-06-2016).

69 Stanislav Secieru, 2014. 'Moldova on the Path to Europe', p. 6.

70 European External Action Service (EEAS), 2016. *Shared Vision, Common Action, A Stronger Europe – A Global Strategy for the European Union's Foreign and Security Policy*, p. 31.

## Russian Influence on Transnistria

As can be seen from a recent publication by the Russian Institute for Strategic Studies, which is an important advisory body for the Kremlin, Moscow still views the EU's involvement in the post-Soviet space under a mostly negative and competitive light.<sup>71</sup> However, two developments have forced Russia to revise its position towards Transnistria. First, because of its ongoing economic and financial crisis and its costly engagement in eastern Ukraine, Russia no longer has the financial solidity to support the Transnistrian economy fully.<sup>72</sup> It therefore now seems that continuing investments in Transnistria and paying pensions at the same level are financially unviable options. Moscow thus seems to have accepted the Transnistrian trade reorientation towards the EU, even if this implies a degree of (economic) rapprochement between Tiraspol and Chişinău. Second, as a result of the Ukraine crisis, any prospect of Russia realising control over a wider area that stretches from eastern Ukraine via Crimea and Odessa to include Transnistria has vanished. This has posed an extra challenge to Russia for its own policies in the 'Near Abroad', with Transnistria now surrounded by Eastern Partnership countries, which have in principle opted for closer integration with the EU. Some Russian experts are therefore adopting a somewhat more realistic perspective: that it is better to (re-engage) with Moldova as a whole and seek closer cooperation with the EU in stabilising the economic and social situation.<sup>73</sup>

For the EU, Russia's economic downturn and the changed geopolitical situation around Moldova because of the current conflict in Ukraine offer some opportunities for fostering further integration with both the right bank and the left bank of the Dniester River. Although the political and business elites in Tiraspol perceive the EUBAM border mission as an economic blockade, by targeting the grey aspects of Transnistria's economy it is in fact forcing them to come to terms with the EU by implementing the trade chapters of the AA/DCFTA. The changed political configuration in Ukraine – with the reform-minded Governor of Ukraine's Odessa Oblast, Mikheil Saakashvili, seriously attempting to stamp out corruption in the port of Odessa – has only strengthened the mission's ability to foster reforms, as Transnistrian businesses can less and less

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71 Политика Евросоюза в отношении стран постсоветского пространства в контексте евразийской интеграции [EU Policy on the Post-Soviet Countries in the Context of Eurasian Integration], see [online](#) (accessed 24-06-2016).

72 See Andrey Devyatkov, 2016. *Transnistria: Support, Not Abandonment; for Intersection Project*, see [online](#) (accessed 24-06-2016); and Stanislav Secieru, 16-07-2015. 'The Two Big Factors that could Shift the Status Quo on Transnistria', *Russia Direct*, see [online](#) (accessed 24-06-2016).

73 See, for example, A.V. Gushin and S.M. Markedonov, 2016. 'Pridnestrovye: dilemmy mirnogo uregulirovaniya' [Transnistria: dilemmas of peaceful settlement], *Analytical Report No. 1* - also available in [English](#), Russian International Affairs Council, Moscow; and Dmitry Suslov, 2016. 'Without a "Common Space": A New Agenda for Russia-EU Relations', *Valdai Paper*, no. 49.

freely use the port of Odessa for illegal imports and exports. Also, as Russian support for Transnistria is decreasing, the positive effects of EU initiatives that target societal issues and foster the implementation of economic reforms (according to the AA) will only become more obvious to Transnistrian citizens. This, of course, will occur on the condition that the EU manages to achieve these positive outcomes and gives proper visibility to them.

# Conclusions and Recommendations

Based on the analysis above, the overall assessment of EU policies towards Moldova presents a mixed yet evolving picture. Until recently, Brussels' approach was distinctively high-level, focusing on relatively 'blind' budget support that aimed at the implementation of the AA. This lofty stance, which was heavily reliant on the local pro-EU elites for the Europeanisation of Moldova, made it very difficult for the EU to monitor implementation, thus making it more vulnerable to geopolitical blackmailing by these elites, who were always keen on playing the 'Russian threat' card to water down enforcement of the EU's conditionality.

However, the last couple of years have seen a gradual evolution towards a more pragmatic approach. Aware of the pitfalls of its previous stance, the EU has been strengthening its conditionality in what could be defined as an operational shift in focus from negotiation/adoption to actual implementation: from 'we support, you reform' to 'you reform, we support'. There has also been growing emphasis on EU member states' joint initiatives, also often involving the private sector, which have been crucial for ensuring the coherence and eventual achievement of the EU's goals. In this regard, while such goals are ultimately stability- and security-related, a more 'strategically patient' approach that prioritises concrete results in less politically sensitive areas is likely to yield greater returns. A greater focus on performance is all the more relevant in the Transnistrian issue, considering the low priority that is attached to reintegration by both capitals, Tiraspol and Chişinău. In addition to initiatives fostering economic ties across the Dniester River, CBMs – particularly those promoting direct engagement from both sides – offer a decidedly positive example of successful EU contribution. Success could be further increased if the EU takes more direct responsibility, instead of contracting out to UNDP, and thereby increases its own visibility on the ground. EU member states should use their influence inside other international organisations, such as the International Monetary Fund (IMF), to ensure continued adherence to strict conditionality, and should not give in to arguments of geopolitical blackmailing, which somehow seems to have a stronger influence on other players like the United States.

In this light, what is therefore needed is a fine balance between normative Europeanisation and strategic patience. How can that balance be struck?

- First, the EU should rely less on budget support, and instead further develop case-specific AA-oriented cooperation programmes and actions 'on the ground'. In order for this to be feasible, more EU personnel are required, particularly for monitoring tasks, including in Transnistria where the EU should act as a genuine honest-broker.

In the context of the ongoing implementation of the reviewed ENP, the possibility of some friction between this pragmatic need and the EU's declared aim to increase local ownership should be taken into account.

- Second, as the implementation of EU-funded technical reforms is being hindered by Moldova's weak institutions, the EU should prioritise institutional capacity-building in order to become more effective.
- Third, constructive engagement by the EU member states, aimed at achieving better synergy between their initiatives and the overarching EU goals, is essential. The EU and its member states should better coordinate their efforts so as to minimise overlap, and should focus on their respective areas of expertise, where they can contribute more added value while ensuring maximum coverage across the key areas highlighted by the Single Support Framework. In order to achieve this, enhanced coordination with the relevant directorate-generals (DGs) of the European Commission is also crucial. This would also imply that budget support is not viewed as purely the competence of the EU Commission, but that member states' views are taken into account when talking about (ultimately political) conditionality. In order to improve coordination, the EU should consider establishing mechanisms along the lines of the Ukraine Support Group.
- In addition, the member states could play a vital role in addressing the severe lack of specialised expertise among many local officials, particularly on the Transnistrian side, which poses a considerable obstacle to both the negotiation and implementation of EU-driven reform and, as a result, further reduces the likelihood of even a minor 'thaw' in the Transnistrian conflict. Several EU countries have highly authoritative institutions that could provide the much-needed know-how, particularly in the very technical field of trade diplomacy.
- For instance, the Netherlands, whose engagement has been very limited compared to its relative size, could spearhead initiatives in the fields of rule of law, human rights, and possibly some institution-building in, for example, the financial sector and/or agriculture.

Should the EU and its member states succeed in reforming their approach towards Moldova on both the strategic and the practical levels, the gradual Europeanisation of Chişinău via the implementation of the AA would undoubtedly make considerable progress. Moreover, Moldova would provide the EU with a useful test bench in its ongoing European Neighbourhood Policy review.

The current geopolitical situation, particularly in light of how Russia's dwindling clout is forcing it to revise its positions, offers new options by broadening the window of opportunity for the EU to step up its game in Moldova.

- First, it could help foster some form of closer cooperation between the EU and Russia in the Shared Neighbourhood. In this respect, Moldova has been showing some promising signs, namely by restating its neutrality in order to allay Russian fears of potential expansion by the North Atlantic Treaty Organisation (NATO) and

by indicating its willingness to cooperate more closely with the member states of the recently established Eurasian Economic Union (EEU). Similarly, some Russian experts seem to envisage the possibility of developing some (limited) cooperation between the EU and Russia – possibly including the EEU – provided that such cooperation makes full use of the flexibility of the AA in order to protect Moscow’s (economic) interests.

- Second, on this basis, some form of trilateral dialogue (that is, involving the EU, Moldova and Russia), along the lines of the similar dialogue with Ukraine, could be helpful in this respect, provided that the political will to do so exists on all sides.

If this geopolitically favourable context is timely and appropriately exploited, Moldova could in the future also become a successful benchmark to use when dealing with other countries in the post-Soviet space that are affected by comparable (yet of course contextually different) problems. Ukraine, with its breakaway ‘republics’ in the Donbass region, is the most prominent (yet possibly the hardest to address) case in point. In this context, it would not be advisable to envisage closer cooperation in Moldova with the United States and NATO, as this could destroy any small prospect of working with Russia. The EU should take a clear lead on this issue and should deploy all the necessary means to play that role effectively.

# List of Abbreviations

AA	Association Agreement
ATP	Autonomous trade preferences
CBM	Confidence-building measure
DCTFA	Deep and Comprehensive Free Trade Area
DG	Directorate-general
EEAS	European External Action Service
EEU	Eurasian Economic Union
ENI	European Neighbourhood Instrument
ENP	European Neighbourhood Policy
EU	European Union
EUBAM	EU Border Assistance Mission
IMF	International Monetary Fund
NAC	National Anticorruption Centre
NATO	North Atlantic Treaty Organisation
NGO	Non-governmental organisation
NPAA	National Action Plan for Implementation of the Association Agreement
OLAF	<i>Office européen de lutte antifraude</i> [European Anti-Fraud Office]
OSCE	Organisation for Security and Cooperation in Europe
PCRM	Party of Communists of the Republic of Moldova
PSRM	Party of Socialists of the Republic of Moldova
UNDP	United Nations Development Programme