

CEPS COMMENTARY



Thinking ahead for Europe

Why Moldova's European integration is failing

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As anti-government demonstrations continued in Chisinau, EU foreign ministers reaffirmed their support for Moldova's political association and economic integration with the EU in the Council conclusions of 15 February 2016. The ministers also confirmed that all 28 EU member states have ratified the Association Agreement between Moldova and the EU. Despite this progress, Moldova's European integration project is in tatters. According to an authoritative survey commissioned by the National Democratic Institute in November 2015, only 40% Moldovans support European integration; 44% are in favour of Eurasian integration, however.¹ As Russia steps up the pressure on Moldova, these trends are worrying for the EU.

At first sight, it is puzzling that Moldova should lose the support of its population for integration with Europe. The country has received considerable financial support and political backing from the EU, and is governed by an elite that proclaims itself to be pro-European. An analysis of domestic and external factors might shed some light on this question.

Moldova's self-serving elite

Moldova's elite has consistently lacked the will to reform a political system that primarily serves its own interests, yet the EU has turned a blind eye to the abuses of successive governments for years.

Ever since 2001 when the Communist party returned to power, Moldova's political system has been dominated by strongmen who utilise the country's resources for personal gain. The coming to power of the Alliance for European Integration, after a re-run of the 2009 parliamentary elections, raised hopes that the new Moldovan government would finally reform. For years following the elections, the Alliance for European Integration, composed of the Liberal Democratic Party, the Liberal Party, the Democratic Party and Our Moldova Alliance (absorbed by Liberal Democratic Party in 2011) was successful in its declared pro-European orientation. Yet corruption and oligarchic interest have continued to define Moldova's body politic. When attempting to analyse Moldovan politics the names of

¹ Results of NDI's November 2015 Public Opinion Research, <https://www.ndi.org/moldova-November-2015-survey-results>.

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personalities such as Vladimir Plahotniuc, Vlad Filat, Vladimir Voronin, Igor Dodon or Renato Usatii are often bandied about, but more as names, not for the policies they stand for.

Weak state institutions and public administration, an ineffective judiciary and law-enforcement agencies all form the breeding ground for capture by oligarchs who have infiltrated Moldovan politics. Instead of fighting corruption, as true statesmen should, Moldovan strongmen have fought each other and exacerbated the chronic instability in the country. Not only were ministers' portfolios divided between coalition members, but whole ministries and their revenues were carved up too. Frequent clashes for control of state institutions and revenues between the main oligarchs have been a feature of successive Moldovan governments. Two oligarchs in particular have been settling scores. The Democratic Party leader Plahotniuc had the upper hand over the Liberal Democratic Party leader and former Prime Minister Filat in a longstanding battle. Filat has now been detained and investigated for corruption.

Cosmetic reforms have been carried out to create the illusion that the country is making progress, primarily to secure aid from donors, but in a climate of increasing instability Moldova's parliament has had to approve three prime ministers in under a year. The forthcoming presidential elections are likely to plunge the country into crisis yet again.

Russian opposition

The opposition of Russia to Moldova's European integration has made the project far more challenging. The Kremlin has supported those Moldovan factions that oppose European integration, and aided traditional parties with ties to Russia, such as the Communist party. Moscow also extended its support to new political actors such as the Party of Socialists, whose leader, Igor Dodon, met President Putin before the 2014 parliamentary elections in Moldova.

Russia has utilised links with the Gagauzia regions to put political pressure on Moldova's leaders to abandon the Association Agreement and the Deep and Comprehensive Free Trade Agreement with the EU. In particular, the Kremlin exploited divisions within Moldova through supporting a non-binding referendum in the autonomous region of Gagauzia on a Eurasian Customs Union (now Eurasian Economic Union) in 2014. Russia managed to secure 98% of the votes in favour of the region joining the Eurasian Customs Union.

In response to the signing and implementation of the EU-Moldova Association Agreement, Russia sought to inflict economic damage on Moldova by introducing sanctions. Russia cancelled the tariff-free preferences for 19 categories of products under the 2011 Russia-Moldova Commonwealth of Independent States (CSI) Free Trade Agreement. By introducing import duties and import bans on Moldovan products (namely in the agricultural and food sector) with a high export volume to Russia and high employment, the Kremlin exploited the vulnerabilities in Moldova's economy.² The EU countered Russia's action by adopting decisions to grant greater market access for Moldovan exporters to the EU. In the short term, however, this did not compensate for the harm caused by Russia's sanctions, mainly because of the limited competitiveness of Moldovan products and the existence of non-tariff barriers.³

² Ana Popa (2015) "Moldova and Russia: between trade relations and economic dependence". Expert Grup think tank, April.

³ Ibid.

Conversely, the economic downturn in Transnistria⁴ forced that region to negotiate a partial application of the DCFTA because autonomous measures were due to be phased out at the end of 2015.

The sorry tale of EU involvement

Since 2009, when the Alliance for European Integration came to power, the EU's reaction to the misdeeds of successive Moldovan governments has been lamentable. The EU refrained from criticising Moldova's elite but chose instead to throw money at the country's problems. During 2007-2013 the EU allocated more than €482million to Moldova from its European Neighbourhood and Partnership Instrument (ENPI) alone. In fact, Moldova received the highest support per capita in the Eastern neighbourhood. This support was intended to strengthen democratic development; good governance and rule of law; poverty reduction; and trade and sustainable development. For the period 2004-2020 EU support may amount to as much as €746million. Beyond the neighbourhood instrument, the EU and its member states were decisive in securing €1.9 billion worth of grants and loans at the donors conference in 2010.

Besides financial aid Moldova's elite was also rewarded politically for paying lip service to the EU. EU representatives went so far as to term Moldova the "success story", "poster child" and "front-runner" of the Eastern Partnership.⁵ For years Moldova's elite successfully misused these terms for the purpose of legitimising their misdeeds for the domestic audience.

The EU's political capital in Moldova was further used up after the parliamentary elections 30 November 2014. The so-called pro-European coalition won the elections amid serious allegations about electoral violations. In its desire to maintain the status quo, the EU statement brushed off the electoral problems and invited the pro-European parties to undertake "the swift formation of an inclusive and accountable government."⁶

Through its support for so-called pro-European coalition partners and silence about the abuses of the elite that unofficially rule Moldova's coalition, in effect the EU became a handmaiden to the diminishing support for Moldova's European integration.

With the ratification process of the Association Agreement coming to an end and in view of the dismal state of Moldovan politics, the new EU leadership felt compelled, finally, to change its policy towards Moldova. The Council conclusions of 15 February 2016 are representative of this recent shift. The EU foreign ministers now clearly and publically demand from the government that they

⁴ Adrian Lupușor, Alexandru Fala and Ana Popa (2016) Transnistrian Economic Brief (#5), Expert Grup, <http://www.expert-grup.org/en/biblioteca/item/1219-ret-februarie-2016&category=7>.

⁵ European Commission (2014) "EU-Moldova: Challenges ahead of signing the Association Agreement" http://europa.eu/rapid/press-release_IP-14-478_en.htm; see European Commission memo (2013) "Moldova: With Prime Minister I. Leancă about Association Agreement and remaining challenges" http://europa.eu/rapid/press-release_MEMO-13-851_en.htm, and Commissioner Füle: "There is no wall for R. Moldova's accession to the EU" <http://www.nineoclock.ro/commissioner-fule-there-is-no-wall-for-r-moldova%E2%80%99s-accession-to-the-eu/>.

⁶ EEAS (2014) Joint Statement on the parliamentary elections in the Republic of Moldova, eeas.europa.eu/statements-eeas/2014/141201_01_en.htm.

“prioritise reforms aimed at addressing the politicisation of state institutions, systemic corruption, public administration reform aimed inter alia at enhancing the effectiveness of regulatory bodies, transparency and accountability in the management of public finances as well as with regard to policy making.”⁷

Conclusion

Since 2009 the EU supported the rule of the Alliance for European Integration, which was led by corrupt oligarchs who proclaimed themselves to be pro-European. It should have come as no surprise that Moldovans associated the EU with their home-grown crooked politicians and that as a result support for European integration has declined dramatically in recent years.

The recent shift in the EU’s approach towards Moldova’s so-called pro-European government might be too little, too late. Moldovans are voicing their dissatisfaction with the government through mass protests on the streets of Chisinau. It might be high time for the EU to consider letting the so-called pro-European coalition fall in the near term, for the sake of safeguarding Moldova’s European agenda in the long term. Ratifying and moving ahead with the implementation of the Association Agreement and the DCFTA in no way gives the Moldovan government, or that of any other country, a licence to abuse its powers, and should not be supported by the EU.

⁷ Council Conclusions on the Republic of Moldova
<http://www.consilium.europa.eu/en/press/press-releases/2016/02/15-fac-moldova-conclusions/>.