

The European Union and Moldova

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Introduction

After the accession of Romania, scheduled for 2007, the European Union will directly border Moldova. As a result, the EU–Moldova relations, which Brussels has rather neglected so far, will gain increased importance. The assumption behind the EU's policy is that Moldova is not going to join the Union, though theoretically, such a development is not precluded. Chisinau does indeed aspire to join the European Union.

The EU is interested in Moldova chiefly because of the threat this country may pose to the security of the Union's future south-eastern outskirts. This concern about security stems from Moldova's serious instability, and especially from the existence of the separatist Transnistrian Moldovan Republic, which is involved in various illegal or semi-legal businesses and provides a stronghold to crime.

This paper deals with the EU policy towards Moldova and the multiple facets of this policy, the most important of which seems to be the preclusion of Moldova's accession in the foreseeable future. It also discusses Moldova's political responses to the EU policy and the country's own initiatives. Finally, this paper also covers the legal framework of the co-operation between Brussels and Chisinau, the Community's assistance to Moldova and its implementation, the EU policy towards the conflict in Transnistria and the Union's (current and projected) role in its settlement as well as the plans for future co-operation between the two sides.

I. POLITICAL RELATIONS BETWEEN THE EU AND MOLDOVA

1. Legal framework

The basic treaty defining the political relations between the EU and Moldova is the Partnership & Co-operation Agreement (PCA) signed on 28 November 1994, in force since 1 July 1998¹. The PCA replaced the Trade and Co-operation Agreement (TCA) concluded between the European Community and the Soviet Union in 1989, which

provided legal framework for the relations between the European Communities and Moldova in the years 1992–1998².

The PCA defined a new model for the relations between the EU and Moldova, a model that could be described as good neighbourly relations as part of which the Union assists its weaker partner (by supporting democratic and market reforms, among other measures). The option to sign an association agreement with the EU (the European Agreement) has not been discussed³.

The Partnership and Co-operation Agreement defined mutual relations as political dialogue founded on democratic values. It introduced procedures of political dialogue between the parties, set out the general terms of trade exchange and investments, defined the legal framework of economic, financial, legal, social and cultural co-operation, and the ways in which the EU should support the development of democracy and a free market in Moldova.

The PCA upholds the most-favoured-nation treatment clause introduced by the TCA and allows for further deepening of mutual economic relations in future. The objective of the PCA is to bring Moldova closer to the single European market, and, in the long term, to incorporate the country into the European free trade area.

Three bilateral institutions were established under the PCA, which are supposed to meet more less once a year. They include the Co-operation Council (meetings at the ministerial level), the Co-operation Committee (meetings at the senior officials level), and the Parliamentary Co-operation Committee, composed of MPs of the European Parliament and the parliament of Moldova⁴.

2. Political relations between the EU and Moldova

2.1. The years 1991–1995

Moldova made its Declaration of Independence on 27 August 1991. Initially, the West adopted a rather reserved attitude towards this, and Moldova continued to be viewed as a constituent of the USSR. Concerned about the destabilisation of international order in case the Soviet Union broke up, the EU capitals strove to prevent its dis-

integration. The endeavours of the Romanian authorities, who hoped to unite Moldova with Romania as in 1918⁵, also received a less than enthusiastic reception⁶.

After the Soviet Union was dissolved in December 1991 and the Commonwealth of Independent States was established, the Member States began to recognise the independence of Moldova one by one, and the European Community acknowledged the emergence of a new state.

However, neither the Member States nor the Community recognised the independence of Transnistria, a separatist republic consisting of the eastern provinces of the former Moldavian SSR, proclaimed by Tiraspol. The Community acknowledged the full sovereignty of Moldova in the entire territory of the former Moldavian SSR. At the same time, the EU called on the authorities in Chisinau to respect ethnic minority rights in the territory under their control.

In the first half of the 90s, the EU viewed Moldova as a source of potential threats to the stability of South Eastern Europe, i.e. as the locus of the Romania-Russia and Moldova-Ukraine conflicts (the unsettled border issue), and the home of Transnistrian and Gagauz separatism. Brussels welcomed Moldova's accession to the Commonwealth of Independent States, counting on its contribution to the stabilisation of the region. The EU was reluctant to press Moscow on the evacuation of the Russian 14th Army from Transnistria, careful not to undermine the position of the pro-reform and pro-western forces in the Russian Federation. In this way, Brussels in fact recognised Moldova as part of the Russian zone of influence.

The referendum of March 1994, in which the Moldovans spoke against the union with Romania and for an independent Moldova, changed the way the EU looked at the country. Brussels ceased to treat Moldova as a seasonal state. Moldova's international image further improved after the signature, in 1994, of the Moldovan-Russian agreement on the evacuation of Russian troops from Transnistria (which was never implemented, though) and the solution of the Gagauz separatism problem through the formation of the autonomous republic of Gagauz-Yeri (December 1994)⁷.

In the early phase, the Trade and Co-operation Agreement (TCA) concluded between the Com-

munity and the USSR in 1989 provided a temporary framework for the relations between Moldova and the European Community. Serious works to develop a permanent institutional basis for the co-operation between the EU and Moldova began after the Moldovan president Mircea Snegur sent a letter to the European Commission President Jacques Delors in November 1993, and after the Commission presented its 1994 declaration assessing the situation in Moldova. On that occasion, the Commission found that in some aspects, things were changing for the better in Moldova. The first multiparty parliamentary elections had been held in February 1994, the legislation reform had been initiated, the new constitution was in the pipeline, and liberal economic reforms and measures to stabilise the macroeconomic situation and democratise social relations were under way⁸. The admission of Moldova to the Council of Europe was another serious step towards normalisation of the country's situation (13 July 1995).

The Council of the European Union decided to open negotiations with Moldova concerning the conclusion of the PCA in February 1994. The text of the agreement was completed by the end of June that same year⁹.

It should be remembered, however, that the Moldova policy was a marginal thread in the foreign policy of the European Union and its Member States¹⁰. Moldova, too, treated the relations with the EU as a low-priority issue for a long time. Although the authorities in Chisinau developed an interest in European integration immediately after the disintegration of the Soviet Union, no comprehensive policy for the rapprochement with the EU was developed for a long time. Mircea Snegur's letter to Jacques Delors in 1993, his letters to the European Commission President Jacques Santer and the then Council President Teodoros Panglos sent in January 1994 (in which Snegur asked for the PCA to be signed as soon as practicable), the Foreign Policy Concept of 1995 and other government programmes referring to foreign policy showed that European integration gradually gained importance in the concepts and activities of the authorities in Chisinau¹¹. Yet government programmes in the period in question contained only very general declarations on co-operation with the European Union and

definitely failed to articulate a more coherent integration policy.

The rapprochement between Moldova and the EU led to the signature of the Partnership and Co-operation Agreement (PCA) on 28 November 1994 and the Trade Agreement on 2 October 1995¹². The conclusion of the PCA was especially important – the agreement not only elevated economic relations to a higher level, but also institutionalised the political relations between the EU and Moldova for the first time, and defined the development of democratic values and human rights as the primary objective¹³. The conclusion of the PCA and the Trade Agreement ended the start phase of the relations between the EU and Moldova.

2.2. The years 1996–1998

In December 1996, new Moldovan President Petru Lucinschi sent a letter to European Commission President Jacques Santer, which contained the first official declaration of Moldova's intention to join the EU. In the years 1997–1998, leaders of the EU Member States such as France and Germany, and countries associated with the EU such as Romania, Hungary and Poland, would make encouraging statements about Moldova's aspirations, though in many cases this was purely "diplomatic" encouragement. Member States of the UE would generally express either understanding for Moldova's aspirations, or doubt if these aspirations were realistic. The EU voiced its common position in March 1998. It insisted that Chisinau should be more unequivocal about Moldova's geopolitical orientation, i.e. the choice between the EU and the CIS, and that it should go through the initial stage of institutional rapprochement first, i.e. implement the provisions of the Partnership and Co-operation Agreement that entered into force in July 1998¹⁴. On 27 October 1997, President Petru Lucinschi sent another letter to the European Commission President Jacques Santer, in which he asked to enter negotiations concerning the conclusion of an association agreement between Moldova and the European Union. The Moldovans perceived this as the official beginning of their country's road towards EU membership. The Moldovan Foreign Minister resubmitted the request to open association negotiations to the EU External Rela-

tions Commissioner Hans van den Broek during the meeting in Brussels on 3 November 1997. Van den Broek replied that before the parties enter association negotiations, the PCA should be implemented and an interim agreement between the EU and Moldova should be concluded. On 27 December 1997, the European Commission President Jacques Santer endorsed the arguments put forward by van den Broek by saying that the Commission's priority for the time being was to implement the PCA and make utmost use of the co-operation possibilities provided for by the existing legal framework.

Given this stance of the European Commission, Lucinschi sent letters to the leaders of all Member States asking them to back the conclusion of an association agreement between the EU and Moldova within the shortest timeframe possible, and to treat this as the first step on the way towards Moldova's accession. Most leaders, however, agreed with the position of the Commission¹⁵. At that moment, the EU definitely had no plans to open any association negotiations with Moldova¹⁶.

Seeing Moldova against the background of the other CIS countries in the years 1996–1998, the West perceived it as a state that was successfully developing a democratic system and implementing market reforms. When President Bill Clinton gave a reception in 1998 to the new Moldovan Ambassador Ceslav Ciobanu, he said that Moldova was a model democracy among the CIS countries. In one Western study from this period, which dealt with the progress of market reforms, Moldova had an average result of 4.1 points (for comparison: Russia had 4.2; Ukraine – 3.0; Belarus – 2.6; Georgia – 2.4, Uzbekistan – 2.2)¹⁷. Indeed, in the first half of the 90s Moldova carried out all of the basic economic reforms, including liberalisation of trade and prices, creation of the basic legal framework for a market system, and privatisation of a portion of the state-owned sector. It also achieved some degree of stabilisation in financial terms (by introducing a convertible national currency and eliminating hyperinflation), and in political terms (by holding democratic parliamentary and presidential elections, according freedom of activities to political parties, introducing basic civil liberties, and finally, by passing a democratic constitution in 1994). Yet despite the market reforms, the eco-

nomy remained in a deep crisis. In the second half of the 90s, the tempo of reforms slowed down¹⁸. The country's economic situation was exacerbated by the Russian economic crisis of 1998. In addition, its adherence to democratic standards was no longer as rigorous after the Party of Communists of the Republic of Moldova came to power in February 2001.

The entry into force of the Partnership and Co-operation Agreement in 1998 (see the chapter on the implementation of the PCA and the TACIS programme) was the most important development in the EU–Moldova relations in the period in question. The factor that influenced Chisinau's European ambitions to the greatest extent was the Russian financial crisis in August 1998, which exposed the weakness of the pro-Moscow orientation to the authorities in Chisinau¹⁹.

2.3. The years 1999–2003

2.3.1. Moldova's policy towards the EU

The year 1999 marked a short-lived pro-EU turn in the policy of Moldova. The 1999–2002 government programme of activities entitled “Supremacy of Law, Economic Recovery and European Integration” clearly articulated the pro-European vector in Moldova's policy. The programme of Ion Sturza's government appointed in March 1999 included a large-scale European integration project for Moldova, an objective that largely dominated Chisinau's foreign policy. The project provided for a series of diplomatic undertakings on behalf of Moldova in Brussels and the Member State capitals, but also for consistent implementation of the PCA provisions. Sturza's government decided that joining the Stability Pact for South Eastern Europe (SPSEE) was a good way to gradually integrate with the European Union²⁰. In the beginning, though, Chisinau only managed to gain the status of an observer in the Pact (2000)²¹.

Sturza's government was quickly dismissed (November 1999), and with the appointment of the Bragish cabinet, the pro-European dimension of Moldova's policy lost some significance. The new government coalition included the communists, and European integration was no longer a priority in the government's programme. Nevertheless, some elements of the integration policy developed by Sturza's government were pre-

served²², and consequently, Moldova could join the Stability Pact for South Eastern Europe on 28 June 2001²³. Moldova was the first post-Soviet country to have joined the SPSEE. This success could not be undone by the rise to power, in February 2001, of the communists, who had pledged to join the Belarus-Russia Union State and questioned Moldova's pro-European aspirations during their electoral campaign. European politicians were visibly embarrassed by the rhetoric of the communists (e.g. their intention to re-collectivise agriculture), but nevertheless the desire to prevent the international isolation of Moldova prevailed in Brussels. After joining the Stability Pact for South Eastern Europe, Moldova was included into the assistance programmes supporting the Balkan Peninsula countries both financially and economically²⁴.

During the South East Europe Co-operation Process summit in Belgrade in April 2003, its participants accepted Romania's proposal to admit Moldova to the organisation at the next summit to be held in Sarajevo in 2004. The Moldovan President Vladimir Voronin confirmed in Belgrade that Moldova wished for deeper integration with European structures²⁵.

The communists, who have been in power since 2001, gradually mitigated their firmly pro-Russian rhetoric and made some real progress, in the international scene, towards closer co-operation with the EU. In January 2002, the government adopted the programme for the social and economic development of Moldova to 2005, which gave the highest priority to the country's participation in the European integration processes²⁶. Indeed, as far as European integration is concerned, the new government's programme appears to be more coherent in some aspects than that of the Bragish cabinet²⁷. In December 2002, the National Commission for European Integration was established. Its tasks include developing a European integration strategy and co-ordinating the co-operation between various government institutions in this area. The Commission meets regularly once in every two or three months, and on extraordinary occasions. Another government institution worth noting is the Legislation Centre, which deals with the alignment of the Moldovan law to European standards.

2.3.2. The EU policy towards Moldova

In recent years, the EU has showed a little more interest in Moldova. This was due mainly to the fact that the country has been moving closer to EU borders as a result of the upcoming eastward enlargement. This heightened interest manifested itself in the upgrading of the status of the EU mission to Chisinau (the TACIS office was transformed into a Delegation of the European Commission), and in the signals that Brussels has been sending concerning its readiness to co-operate with Chisinau more closely on security and justice and internal affairs. This last area includes preventing illegal migration (both the influx of immigrants from the East for whom Moldova is a transit country, and the job migration of the Moldovans), and combating weapons trade and trafficking in drugs and people. The existing economic assistance programmes have also been upheld²⁸.

The EU has been increasingly interested in the issue of Transnistrian separatism. In late spring 2003, the European Union Institute for Security Studies (ISS) presented a report suggesting that the EU should become involved in the negotiations over Transnistria. The ISS suggested that an EU-Russian working group should be established to step into the OSCE's role as the party in charge of the peace process in Transnistria. On 11 July 2003, information was leaked to the press concerning talks between the OSCE and the EU about the EU taking over the projected peace mission in Moldova. In September 2003, Jaap de Hoop Scheffer, the OSCE Chairman-in-Office and Dutch Foreign Minister, said in an address to the US Congress that the European Union's participation in an international peace operation in Transnistria was a "primary-importance problem", thus officially confirming that the EU was interested in this issue²⁹. It should be remembered, however, that Brussels views the Transnistria problem in the context of the European Union's relations with Russia. The EU's possible commitments in Transnistria will be carried out in co-operation with Russia and will serve as a test for the potential of collaboration between Brussels and Moscow on security issues³⁰.

2.4. Implementation of the PCA and the TACIS programme

The Partnership and Co-operation Agreement entered into force in 1998, after it had been ratified by Moldova and the EU Member States. The TACIS-PCA programme was established to ensure a more effective implementation of the PCA. Among other measures, it helped organise a broad-scale information campaign on the PCA and the European Union. The EU has had a positive impact on the state reforms in Moldova. Since the PCA entered into force, some progress has been made in areas such as trade liberalisation, investments and current capital flows. However, many sections of the Moldovan law are still in the initial phases of harmonisation with European legislation, since the TACIS-PCA projects have frequently stopped at the information stage, i.e. have not gone beyond comparative analyses of European and Moldovan legislation³¹.

Modernisation and Europeanisation of the Moldovan law stumbles on obstacles greater than initially expected. Works on the new Civil Code may serve as an example. The Moldovan Parliament decided in 1994 that the existing Soviet Civil Code of 1964 should be replaced with a new law. Legislative works were expected to be completed within just three months(!). In reality, it took 8 years and the assistance of foreign consultants, as well as funds from TACIS, GTZ, and USAID, to complete the new Civil Code, which was adopted only in June 2002, effective as of 1 January 2003. The Code implemented a number of standards and principles that are guaranteed under international treaties or traditionally inform the legislation of European countries. It provided for the inviolability of property rights, freedom of agreements, judicial protection of civil rights, and other measures³².

There were also failures, however. In 1998, the administrative and territorial division system was reformed in keeping with western standards. Yet when the communists came to power, they reversed the reform in 2002 and undid what their predecessors had achieved (e.g. by restoring the Soviet division into raions).

Moldova's standing objective, provided for under the PCA, is the conclusion of a Free Trade Agreement (FTA) between the EU and Moldova,

and the country's entry into the European free trade area³³.

The implementation of the TACIS (Technical Assistance for the Commonwealth of Independent States) programme began even before the PCA entered into force. Moldova has been receiving financial and technical assistance under the TACIS programme³⁴. As the programme's implementation progressed, the notion of technical assistance came to be understood ever more broadly. In the end, technical assistance was extended to include state-of-law building processes, democratisation, development of civil society institutions, and encouraging of small and medium-sized enterprises, etc.³⁵

2.5. Moldova's economic links with the EU and the CIS

The dynamics of Moldova's trade with the EU on the one hand and the CIS on the other, in the years 1992–2002, (see the tables below) indicate that the volume of commercial contacts with the CIS was greater. At the same time, however, these ties are weakening and the volume of trade exchange with the EU is increasing. In 2002, 36.6 percent of Moldova's exports were exports to the EU and Central and Eastern European countries, most of which are joining the Union in the upcoming years, while imports from this area accounted for 45.9 percent of total imports. For comparison, Moldova's exports to the CIS in 2002 accounted for 54.1 percent, while imports from this area, for 39.1 percent. The volume of Moldova's exports to the EU has grown from 3 percent in 1992 to 23.1 percent in 2002. Moldova's imports from the EU increased from 13.7 percent in 1995 to 26.9 percent in 2002. (These figures come from different, but comparable sources.)

While countries of the European Union are important trade partners for Moldova, commercial contacts with this country account for just a fraction of the Community's external trade exchange. In the last decade, Moldova's exports to the EU were lower not only than the average volume of exports of the Central and Eastern European countries, but also the average volume of exports from other Newly Independent States.

Foreign investments into the Moldovan economy are definitely dominated by Russia. The only major western investor is the Union Fenosa of Spain, which has acquired several Moldovan electricity transmission networks. It should also be noted that Moldova's energy sector remains dependent on the supplies of oil from Russia and hard coal from Russia and Ukraine.

The dependence on raw materials supplies from Russia and, to a smaller degree, Ukraine is the fundamental problem of Moldova's economy as far as foreign economic relations are concerned. Russia has been supplying its energy raw materials at high prices, while not demanding immediate payment. This has led to a dramatic increase of Moldova's external debt. Consequently, many

Moldova's exports

	To the European Union	To Central and Eastern European Countries	To the NIS
2002*	23.1%	13.5%	54.1%
2001	21.6%	11%	60.5%
1998**	13.1%	12.8%	67.7%
1996	10%	-	-
1992	3%	-	-

Source: Anatoly Gudym, Respublika Moldova i Evropejski Soyuz kak partniory, Chisinau, 2002, p. 47.

* Source: The February 2003 report of the Trade Counsel's Office (BRH) of the Polish Embassy in Chisinau entitled "Dynamika procesów gospodarczych w Republice Mołdowy", p. 8.

** Source: The 1999 report of the Trade Counsel's Office (BRH) of the Polish Embassy in Kyiv, ed. Dr Maria Bogacka, p. 4.

Moldova's imports

	From the European Union	From Central and Eastern European Countries	From the NIS
2002*	26.9%	19%	39.1%
2001	27.6%	25.3%	37.9%
1998**	26.2%	23.2%	43.4%
1995**	13.7%	14.1%	67.7%

Source: Anatoly Gudym, Respublika Moldova i Evropejski Soyuz kak partniory, Chisinau, 2002, p. 47.

* Source: The February 2003 report of the Trade Counsel's Office (BRH) of the Polish Embassy in Chisinau entitled "Dynamika procesów gospodarczych w Republice Mołdowy", p. 8.

** Source: The 1999 report of the Trade Counsel's Office (BRH) of the Polish Embassy in Kyiv, ed. Dr Maria Bogacka, p. 4.

Moldovan state-owned enterprises have been taken over for debts (chiefly by Gazprom), and many others may face the same fate. Successive Moldovan governments have done little to diversify the supplies of energy raw materials, even though they had some opportunities to do so. For example, in the mid 90s, Chisinau rejected Romania's proposal for Moldova to participate in the construction of the nuclear power plant in Cerna Voda, and to subsequently hire one of its reactors³⁶.

Moldova's difficult economic situation is a serious obstacle that impedes the country's rapprochement with the EU. As a result of the dramatic economic crisis that followed the disintegration of the Soviet Union, Moldova's *per capita* GDP amounted to approx. 450 US\$ in the late 90s – one of the lowest figures in the NIS. In the 1998 United Nations Industrial Development Program report Moldova made it to the 104th position in terms of civilisational development worldwide. One of the factors in the extremely difficult situation of the Moldovan population is the fact that the state fails to make timely payments to its citizens.

The economic situation of Moldova therefore restrains Chisinau's integration ambitions, both because the republic is experiencing an economic breakdown, and because it largely depends on Russian raw materials. Its strong economic ties with other Newly Independent States are less of a problem – with an adequate policy, Moldova could strengthen its economic links with the EU faster. Besides, the economic relations with the NIS may be an asset for Moldova in some respects, from the EU's point of view.

2.6. A highlighted problem: migration

Migration is a serious issue in the EU–Moldova relations. This is a two-faceted problem that includes illegal job migration of the Moldovans to countries of the EU, and the transit of illegal migrants from the east via the territory of Moldova.

Since the mid-90s, the Moldovans have been active in the EU job markets. This is an important economic factor in Moldova's payment balance – money transfers from nationals working abroad amounted to 70 million US\$ in 1996 and 220 million US\$ in 2001, equalling 1/3 of the

value of Moldovan exports. However, 95 percent of Moldovan nationals employed abroad work illegally.

Various sources quote different numbers of Moldovans working abroad: from 150–190 thousand to 600 thousand, and even to 1 million. Since the estimated size of the working age population in right-bank Moldova (the separatist Transnistria is not included in the statistics) is 1.65 million people, and since reports claim that migration is taking place on a massive scale, while the most conservative estimates are based on the hardly reliable official data, the actual number of migrants may be around 600 thousand people³⁷. Most Moldovan emigrants work in Russia, but large numbers of them are employed in the EU Member States such as Italy or Portugal, and in the candidate country, Romania. Moldova and Italy signed an agreement on migrants in 2003, which sets forth the quotas of Moldovans that are allowed to work legally in Italy, provides for basic legal assistance to the Moldovans, and introduces readmission. Moldova and Portugal are currently negotiating a similar agreement. The problem of job migration is one of the main areas of the EU's interest as far as its relations with Moldova are concerned.

Another important issue from the EU's point of view is the existence of a transit route for illegal migration from the Near East, South and South Eastern Asia and the NIS, which runs through Moldova. Having travelled across Moldova, the migrants cross the Romanian border and head to Western European countries. Migrants from South Eastern Asia have been reported to use Moldovan passports. The Moldovan migration route has been particularly active ever since Poland tightened its eastern border. The number of refugees from the East who transit through Moldova is difficult to estimate. According to official sources, the security and border services have detected and expelled more than 15 thousand illegal migrants from the East since 1992³⁸. The number of undetected cases remains unknown.

To address these problems, the European Union has called on Moldova to tighten its eastern and western borders, and has financed a number of programmes to this end, including the TACIS-CBC (Cross Border Co-operation) and PHARE-CBC in particular³⁹. Moreover, foreign ministries of the Member States and Moldova have been co-

-operating on this issue. The co-operation between the EU and Moldova on the tightening of borders is of crucial importance.

2.7. Summary

In the initial period of the Moldova–EU relations (1991–1995), the two parties established mutual contacts and defined an interim framework for their relations (under the Trade and Co-operation Agreement concluded between the European Communities and the Soviet Union). Then mutual relations were deepened, mainly through the signature of the Partnership and Co-operation Agreement in 1994. At that moment the existence of an independent Moldova was also reaffirmed – the referendum on the possible union with Romania proved to be a decisive victory of the advocates of independence. As a result, Brussels ceased to view Moldova as a seasonal country.

During President Petru Lucinschi's term, Moldova made some progress towards convincing the EU to acknowledge its integration aspirations. However, due to the difficult situation and the country being insufficiently prepared, and because of the line of the European Union's policy, Chisinau did not manage to convince Brussels to enter talks concerning the conclusion of an association agreement (a European Agreement). The country did manage to join the Stability Pact for South Eastern Europe, though, as a result of its government's policy. Paradoxically, this took place while the pro-Russian communists were in power. The communists, who came to power in early 2001, had initially intended to incorporate Moldova into the Belarus-Russia Union State, displayed a pro-Moscow orientation, and opted for integration within the post-Soviet space. With time, however, they began to work towards closer integration with the European Union, while at the same time preserving close ties with the NIS. The pro-integration endeavours of the present ruling team are reinforced by political declarations about their will to integrate with the EU and the formal invitation for the Union to join the Transnistrian negotiations process. At the same time, however, this policy is far from consistent, as evidenced by declarations of quitting the CIS, which Moldova continues to make and repeal. Additionally, the country's international prestige is low due to the weakness and corrup-

tion of the apparatus of power⁴⁰, the lowest *per capita* GDP in Europe, and Moldova's shaken image in terms of the respect for human rights and adherence to democratic principles⁴¹. All these problems are stumbling blocks that prevent Chisinau succeeding in its policy of rapprochement with the EU.

II. PROSPECTS OF THE EU-MOLDOVA RELATIONS

1. Co-operation prospects

Chisinau's ambitious integration plans are hardly realistic, as far as Moldova's accession is concerned, at least in the medium term perspective. It is also unclear if and when Moldova may gain a chance to establish an association with the European Union. In this situation, mutual relations should be developed based on the New Neighbourhood – Wider Europe projects of the EU, which target the Union's old and new neighbours. By mid 2004, Moldova should expect to sign the Action Plan⁴², whose object is to establish closer co-operation between Chisinau and Brussels. The Action Plan deals with five areas including political co-operation, the inclusion of Moldova into the single European market, judicial and police co-operation, development of transport, energy and communication infrastructure networks, and cultural exchange. The European Commission also intends to propose to create a special assistance fund for its neighbours to deal with cross-border undertakings. This fund is to be created by 2007, i.e. by the date of Romania's projected accession. Rapprochement is expected to take place principally through the gradual inclusion of neighbours into the single European market and their simultaneous adaptation to European standards, mutual liberalisation of customs, and implementation of the free movement of goods, services, capital and people. However, Commission officials emphasise that it may take 15–20 years to fully expand the single market into the neighbour countries⁴³. In the meantime, Chisinau has come up with the proposal for Moldova to join the Stabilisation and Association Process (SAP)⁴⁴, a programme the Union has offered to the Balkan countries. Chisinau perceives this concept as a “fast track”

towards integration with the EU and a way to gain access to funds provided by the Union and other donors to the Balkan countries. So far, however, Brussels has not given a nod to this initiative.

2. Recommendations

The EU will certainly have to continue providing humanitarian, macroeconomic and other assistance to Moldova.

- 1) Economic support, such as the lifting of custom duties on wines, can make a great difference for this poorest country in Europe. To continue the example of wine: it is Moldova's chief export commodity, and if the EU market were opened to it, this could decisively improve the condition of Moldova's economy. At the same time, European wine manufacturers probably would not experience a significant increase in competitive pressure, since the potential of Moldova's wine industry is small. Another form of assistance of value to Moldova could be business organisation know-how and new technologies.
- 2) Political initiatives should aim chiefly to make the state apparatus more efficient and to combat organised crime. Assistance should also be provided to the development of the civil service (introduced in Moldova in 1995). Programmes for the elimination of corruption, contraband, and dishonest officials and their mafia affiliations are also much needed (special attention should be paid to the links between officials in Moldova proper and those in Transnistria).
- 3) Welfare initiatives are particularly needed in areas such as healthcare, development of the civil society, and the struggle against unemployment. Even if unemployment is not particularly high in Moldova, this is only due to the huge numbers of Moldovans emigrating for jobs. If the number of Moldovan nationals working illegally in the EU is to be reduced, they should be offered opportunities to start business or career activities in their own country. Another valuable initiative could be to award grants to gifted young people and students.
- 4) On its part, Moldova will have to get involved in projects to combat crime (including illegal migration), and remedy the state apparatus deficiencies such as corruption, incompetence of of-

ficials, etc. It will also have to reinvigorate the economy and end the conflict over Transnistria, which breeds instability and crime in the region.

It is reasonable to believe that if the Moldovan side were informed of the specific requirements it has to meet in order to be eligible to sign an association agreement with the EU, this could become a potent stimulus for reforms in the country and an effective instrument in the EU's policy towards Chisinau.

3. The problem of Transnistria vs. Moldova–EU co-operation

The European Union is interested in the situation of the conflict over Transnistria because it has to step up “hard” and “soft” security in the future south-eastern outskirts of the Union. The problems it has to deal with include illegal migration, insufficient border controls, contraband, including trafficking in people, drugs and weapons, and organised crime. As a result, co-operation is necessary between the police forces, legislators and secret services of the Union, some EU Member States and Moldova. The cease-fire between Moldova and the separatist republic should also be monitored. The long-term goal should be to settle the conflict and create a united Moldovan Federation.

There are three aspects to the EU's projected involvement in the attempts to solve the Transnistrian problem:

- (1) the role the EU may play in negotiations,
- (2) participation of an EU contingent in the peacekeeping forces safeguarding the settlement agreement, and
- (3) the Union's participation in initiatives to build confidence between the two sides of the conflict and to ensure the stability of the prospective united Moldovan Federation.

The European Union was officially invited to join the negotiations by President Vladimir Voronin on 11 September 2003. The EU Institute for Security Studies has suggested that the Union should get involved in the negotiations. The EU, however, maintains that there is no need to change the existing five-party format of negotiations, which includes Moldova, Transnistria, the

OSCE, Russia and Ukraine. The reason is that Brussels does not want to irritate Russia, a country that has been highly suspicious of the NATO and EU enlargement processes. Probably, however, Brussels does unofficially influence the course of negotiations. European experts officially provide consultative support to the works of the Joint Constitutional Commission in charge of drafting the constitution of the projected united Moldovan Federation. More importantly, the Union is calling for Russian troops to be withdrawn from Transnistria as soon as possible. On 17 October 2003, the European Council called on Russia to evacuate its troops within the agreed deadline, i.e. by the end of 2003. Subsequently, during the OSCE summit in Maastricht on 1–2 December 2003, the Member States criticised Russia for failing to withdraw its troops. Shortly before the summit, the EU impeded Russia's attempt to settle the conflict without Western participation and to transform Moldova into a *de facto* Russian protectorate (the Kozak Plan⁴⁵). Russia and Transnistria's reluctance to have the European Union play a role in the negotiations will probably restrain the scope of the EU's activities in the future. Both sides are able to invalidate the other party's efforts they deem unfavourable, but they cannot carry out their own solutions.

The EU should call on Russia to withdraw all of its forces from Transnistria as soon as possible. It is necessary to keep working towards a compromise with Russia and the separatists, under which the conflict may be ended. If no settlement agreement is reached, which is unlikely, the idea of the EU's direct involvement in the negotiations should be considered again. The EU should also press Ukraine to make sure that Kyiv abides by the agreements concluded with Chisinau and stops goods produced by companies not registered in Moldova at its borders. In addition, Brussels should persuade Kyiv to accept the proposal presented by Chisinau to create joint Moldovan-Ukrainian customs and border posts in Ukrainian territory, along the Transnistrian section of the Moldovan-Ukrainian border.

Tiraspol should be pressed to admit international inspectors to weapons factories in the separatist republic and the Russian arms depots still present in Transnistria (in the latter case, the permission of the Russians will also be required).

An EU contingent may participate in the peacekeeping forces safeguarding the final agreement, provided that the negotiations succeed, which is not certain yet. Although works are progressing at the Joint Constitutional Commission, which was expected to present a draft constitution of the united Moldovan Federation in early 2004, there are some serious discrepancies over detailed provisions of the projected constitution. Moreover, it will take political will on both banks of the Dniester to implement the constitution and create a joint state, and such political will seems to be missing. It is known for sure that the early 2004 deadline will not be kept. If the negotiations continue for much longer, it might be possible to introduce EU troops into the existing peacekeeping contingent composed of Russian, Moldovan and Transnistrian divisions. This, however, will certainly inspire protests on the part of the separatists and Russia. Undoubtedly, both Moscow and Tiraspol are and will continue to be opposed to the introduction of EU troops to the conflict region in any situation, even if an agreement settling the conflict is reached. Therefore, all proposals presented by the EU should refer to a peacekeeping force that includes a Russian contingent.

The only risk-free contribution that the EU can make to the negotiations consists in programmes which aim to build confidence between the two sides of the conflict, develop democracy, and promote the knowledge of and respect for human rights in the authoritarian Transnistria. EU experts should continue to provide consultative support to the negotiations, and the scope of such support should be expanded.

Programmes to safeguard the stability and efficient functioning of the prospective Moldovan Federation will only become feasible once the unification treaty is concluded.

III. CONCLUSIONS

As a result of the enlargement process, Moldova will find itself closer to the EU's external borders. In 2007, when Romania is expected to join the Union, these two dissimilar political organisms will become direct neighbours. It is therefore necessary to better define the EU's policy towards Moldova, and Moldova's policy towards

the Community. In its own best interest, the European Union should buttress Moldova's weak statehood. Unstable, the country may pose a threat to the security of the Union's south-eastern outskirts. The most important issue that needs to be solved is the frozen Transnistrian conflict, but Moldova is also coping with other problems. Hence the Community's assistance is of vital importance. On its part, Moldova should tighten its borders and combat organised crime, contraband, trafficking in humans, and illegal migration.

Jacek Wróbel

¹ The conclusion of the PCA does not mean that Moldova is receiving any special treatment from the EU. Similar agreements were signed with most of the NIS, and with Mongolia.

² Among other provisions, the TCA accorded the parties the most-favoured-nation treatment in trade.

³ The objective of the PCA is different from the objective of the European Agreement (agreement on association with the EU). The PCA provides for horizontal co-operation and the development of relations between the EU and the partner country, while the objective of the EA is to enable integration of the partner country with the Union and its future accession to the Union. The two types of agreements also differ in terms of the area where they are applied – European Agreements are concluded with Central European Countries, the Baltic States, and countries of South Eastern Europe. At the same time, however, the European Agreement informs the PCA, in terms of both structure and content; The Republic of Moldova and European Integration, Institutul de Politici Publice, Chisinau 2002, p. 44–51.

⁴ http://europa.eu.int/comm/external_relations/moldova/intro/index.htm; for the full version of the Partnership and Co-operation Agreement see www.pca.md

⁵ Oleg Serebrian, Geopolityczne uwarunkowania Republiki Mołdowy, in: *Ibid.*, p. 17.

⁶ Artur Drzewicki, Mołdawia w oczach Europy Zachodniej, in: “Mołdowa. Mało znany w Polsce kraj” Wrocław 2003, p. 39–40.

⁷ Artur Drzewicki, *op. cit.*, p. 41–45.

⁸ Anatoly Gudym, Respublika Moldova i Europejski Sojuz kak partniory, Chisinau 2002, p. 20.

⁹ The Republic of Moldova and European Integration..., p. 228.

¹⁰ Due to its small potential, Moldova was a country of marginal importance in the policies of the European Union and its Member States. Germany signed a treaty regulating its relations with Moldova only four years after the USSR's disintegration. Moldova was the last country of the former USSR to have concluded such an agreement with the German government; Artur Drzewicki, *op. cit.*, p. 44–45.

¹¹ The Republic of Moldova and European Integration..., p. 5 and 228; Anatoly Gudym, *op. cit.*, p. 20.

¹² Artur Drzewicki, *op. cit.*, p. 44.

¹³ The Republic of Moldova and European Integration..., p. 228–229.

¹⁴ Anatoly Gudym, *op. cit.*, p. 20.

¹⁵ For example, in January 1998, the Dutch Prime Minister W. Kok welcomed the “ambitions” of the authorities in Chisinau regarding the opening of association negotiations, but he said that it was too early to start discussions on this subject since the PCA ratification procedure was still pending. Also in January 1998, the Swedish Prime Minister Goran Persson backed the position of the Commission President in a letter to Lucinschi; The Republic of Moldova and European Integration..., p. 53–54.

¹⁶ On 4 July, Guenter Burghardt, a high EU official in charge of contacts with the CIS, met Anatol Arapu, the Moldovan ambassador to Belgium, to explain the EU's position on the association of Moldova. According to Burghardt, the opening of association negotiations was hardly realistic because

of the complicated geopolitical situation of Moldova (including the conflict over Transnistria) and an internal situation that did not justify association (insufficiently developed democratic institutions and market economy, etc.). Burghardt further pointed to constraints within the EU itself, including the institutional reform, enlargement, etc as factors that limited the Community's ability to implement an effective policy towards Moldova. The Republic of Moldova and European Integration..., p. 54–55.

¹⁷ Source: M. V. Maksoev, Kavkaz. Kompleksny analiz, puti politicheskoi i ekonomicheskoi stabilizatsyi. Voprosy geopolitiki, Tbilisi 1998, p. 80.

¹⁸ Anatoly Gudym, *op. cit.*, p. 23–26.

¹⁹ The Republic of Moldova and European Integration..., p. 231.

²⁰ The Republic of Moldova and European Integration..., p. 18–22. The Stability Pact for South-Eastern Europe (SPSEE) was established by the Cologne summit of the EU on 10 June 1999 as a grouping of the Balkan countries, Hungary, Turkey, the European Union, the G-8, and various international organisations such as the OSCE, NATO, the Council of Europe or the World Bank. Initially, the SPSEE was supposed to isolate Slobodan Milosevic's Yugoslavia fighting back against the NATO bombings. At the same time, its stated goal was to carry out the economic reconstruction of the Balkans, including the New Yugoslavia (now Serbia and Montenegro) after the Kosovo war, support human rights, help develop democracy and secure the region's stability. More importantly, the SPSEE became a system through which Western assistance for the Balkan countries was coordinated. In the media, the Pact is sometimes referred to as the Balkan Stability Pact. The European Union appoints the Pact's Special Co-ordinator in consultation with the OSCE head.

The South East Europe Co-operation Process (SEEC) is an organisation linked to the SPSEE. Its structures were revived following the Sofia summit of June 1996. The SEEC once a year holds regional summits, and its purpose is to promote comprehensive economic development in the region and political co-operation on democratisation and protection of human rights, and to combat organised crime.

²¹ The Republic of Moldova and European Integration..., p. 56.

²² The Republic of Moldova..., p. 22–26.

²³ Anatoly Gudym, *op. cit.*, p. 20.

²⁴ Artur Drzewicki, *op. cit.*, p. 48–49.

²⁵ CES materials.

²⁶ Anatoly Gudym, *op. cit.*, p. 20.

²⁷ The Republic of Moldova..., p. 26.

²⁸ In 2001 the European Commission adopted the 2002–2006 Country Strategy Paper for Moldova. In this document it pledged 20 million Euro of further assistance under the TACIS in the years 2002–2003 (in the end, TACIS assistance in 2002–2003 amounted to 25 million Euro, the total amount of Commission assistance for Moldova in the period in question being 60 million Euro). Anatoly Gudym, *op. cit.*, p. 39, and: www.europa.eu.int/comm/external_relations/moldova/intro/ip03_1036.htm

²⁹ CES materials.

³⁰ Dov Lynch, *Russia faces Europe, Chaillot Papers?* 60, EU Institute for Security Studies, Paris 2003; annex a1, p. 96–103.

³¹ *The Republic of Moldova...*, p. 58–59.

³² Anatoly Gudym, *op. cit.*, p. 45.

³³ *The Republic of Moldova and European Integration...*, p. 64.

³⁴ Anatoly Gudym, *op. cit.*, p. 39.

³⁵ From 1991 to 1999, 70 million ECU of direct and regional assistance was provided to Moldova under the TACIS. In the years 1996–1999, the TACIS programme focused on production, processing and distribution of foods, development of the private sector and development of the human potential. In 2000–2003, TACIS projects had the following priorities: 1) institutional, legal and administrative reform; 2) encouraging enterprise and supporting economic development; 3) alleviating the social consequences of reforms. The EU was also providing macroeconomic assistance and humanitarian aid to Moldova.

The budget of the 2001 National Action Programme amounted to 21 million Euro. The National Action Programme is the main instrument under the TACIS, drafted once in every two years. TACIS funds are also expended under the Small Projects Programme (SPP), regional projects including INOGATE and the Cross-Border Co-operation programme. (The CBC, launched in 1996, aims to tighten border control and widen cross-border co-operation between the EU candidate countries and Russia, Ukraine, Belarus and Moldova.) Within the TACIS programme, the TACIS-PCA which aims to implement the Moldova PCA, and the international TRACECA (Transport Corridor Europe–Caucasus–Asia) programme whose beneficiaries include Moldova, deserve special attention.

The purpose of the TACIS-PCA is to implement the Partnership and Co-operation Agreement between the EU and Moldova. The Programme is being carried out by the Gesellschaft für Technische Zusammenarbeit (GTZ) of Germany. Activities under the programme include seminars and publications on reforms in Moldova, Community activities and the relations between the EU and Moldova. The programme also provides professional assistance to the Moldovan administration.

Moldova also receives macroeconomic assistance from the EU in the form of loans intended to balance the country's payments. This type of assistance included: (1) 45 million ECU provided to Moldova by the European Communities in the years 1994–1995, (2) 15 million ECU provided in December 1996, and (3) 15 million Euro provided in 2001.

In 1999, the European Commission provided Moldova with 4 million Euro of humanitarian assistance, the funds being managed by the Humanitarian Aid Office of the European Commission (ECHO). The aim of the programme was to combat poverty. It focused on the provision of vaccines, medicines and food to children and the elderly. The programme was suspended at some point and replaced by the Food Safety Programme. The purpose of the new programme was to ensure long-term food safety and combat poverty. As part of this programme, the Moldovan government received a subsidy to support structural reforms in the welfare system and agriculture.

Moreover, in 1996–1999 Moldova received 42.12 million Euro of financial aid from the EU Member States and 81.30 million Euro of credits from the European Bank for Reconstruction and Development; http://www.europa.eu.int/comm/external_relations/moldova/intro/index.htm#5

³⁶ Oleg Serebrian, *op. cit.*, p. 24–25.

³⁷ Anatoly Gudym, *op. cit.*, p. 51.

³⁸ Stanislav Chechuy, *Sravnitelnyi analiz. Tamozhennoe i Transgranichnoe Sotrudnichestvo*, Chisinau 2002, p. 29.

³⁹ Stanislav Chechuy, *Sravnitelnyi analiz...*, p. 37–38.

⁴⁰ In the 2003 Transparency International index, Moldova is 102nd on the list of the most corrupted countries worldwide, among the 133 countries studied; <http://www.rferl.org/newsline/2003/10/4-see/see-081003.asp>

⁴¹ The latter two issues are connected with the authorities' response to the opposition demonstrations in the spring of 2002.

⁴² On 5 December 2003 the EU Enlargement Commissioner Guenter Verheugen said in Chisinau that he hoped the Action Plan would take six months to develop, provided that both sides co-operate, and would be completed in May 2004. (The Action Plan is an EU programme on the development of which Brussels has decided to co-operate with Chisinau); <http://www.rferl.org/newsline/2003/12/081203.asp>

⁴³ PAP headlines of 12 October 2003.

⁴⁴ On 14 November 2003, the presiding officials of Parliament and leaders of three parliamentary fractions asked the European Parliament to admit Moldova to the SAP; <http://www.interlic.md/print.php?id=1068825981&lang=eng>

⁴⁵ Dmitrii Kozak, deputy head of the Presidential Administration of the Russian Federation.