

R E M A K I N G M O L D O V A

RUSSIA HAS TRIED TO FOIL THE COUNTRY'S
ATTEMPTS AT EUROPEAN INTEGRATION

By *per* Concordiam Staff

Moldova and its people have traveled a difficult road since breaking from the Soviet Union in 1991. The newly independent country got off to a rough start, as a separatist conflict was already brewing and broke into open warfare in early 1992. The violence was relatively short-lived, but a frozen conflict remains, and Moldova lacks control of over 10 percent of its territory. The country has struggled with problems many other post-Soviet nations face: underdevelopment, corruption, decaying infrastructure, nationalism, ethnic unrest and excessive emigration. But Moldova, rated the poorest country in Europe, has lacked resources to tackle many of these problems.

The future could be brighter. A much anticipated Association Agreement was signed with the European Union on June 27, 2014, and the Parliament ratified the agreement in record time five days later. The government is eager to move forward with European integration not only because of the economic benefits, but also because it fears Russia will try to foil that process. As hard as the government has worked to implement reforms and meet other EU requirements, Moldovan leaders say that Russia and its sympathizers within Moldova have been working to block the agreement and draw the country into Russia's sphere of influence.





Young protesters in Chisinau, Moldova, set fire to posters depicting a doctored image of Russian President Vladimir Putin in April 2014 after Russia annexed Ukraine's Crimea region.

THE ASSOCIATED PRESS

ECONOMIC FREEDOM

Moldova's economic situation has slowly improved as market-oriented reforms have taken root, and trade with the EU has increased. The economy grew 5 percent in 2013 and is expected to grow as a result of the Association Agreement. The agreement went into effect on September 1, 2014, and includes Deep and Comprehensive Free Trade Areas (DCFTA) that lower or remove tariffs on multiple goods, open services markets and make Moldova more attractive to investors.

The country's economy is primarily agricultural and service oriented — the majority of industry inherited from the Soviet era is located in separatist Transnistria. Moldova has suffered from protectionist agricultural trade policies in the EU, Russia and Ukraine, according to Anders Åslund of the Peterson Institute for International Economics, an expert in transitioning post-Communist economies. "Being dominated by agriculture, it has been more vulnerable than any other post-Communist country," he wrote in *The Moscow Times* in 2012. The new agreements remove EU trade barriers, and the EU is already Moldova's largest trading partner, accounting for 54 percent of total trade in 2013. Russia's share has plummeted to about 25 percent.

As with Ukraine, the Kremlin wants Moldova in its own economic club, the Moscow-run Eurasian Union, and is willing to use whatever tools available to succeed, including trade embargoes, threatening natural gas cut-offs, support for separatism and political interference. "Moldova presents a striking contrast to neighboring Romania," an April 2014 *Foreign Affairs* article noted. "Although Romania has grown swiftly within the European Union, Moldova has languished outside of it, a hostage to Russian foreign policy."

Russia has tried to exploit Moldova's trade vulnerability through embargoes on Moldovan agriculture. Moscow embargoed wine — Moldova's biggest export — in September 2013 as a less than subtle warning against initialing the EU Association Agreement in November of that year at the EU Eastern Partnership summit in Vilnius. (Simultaneous pressure caused Ukrainian president Viktor Yanukovich to back out of Ukraine's EU agreement at that same summit, sparking the protests that led to his downfall and Ukraine's ongoing crisis with Russian-backed separatists.) And in June 2014, Russia announced an embargo on Moldovan fruit in retaliation for signing the agreement.

The DCFTAs and Russia's punitive trade policies should accelerate the trade realignment. Nicu Popescu of the EU Institute for Security Studies predicted that the Association Agreement and DCFTA would fundamentally change the environment and be "politically and economically irreversible," according to Radio Free Europe/Radio Liberty.

RUSSIAN LEVERAGE — ENERGY, JOBS AND FROZEN CONFLICT

Russia, of course, still has a trump card — natural gas. As with much of Eastern Europe (and some of Western Europe), Moldova is dependent on Russian gas, which makes up 65 percent of its energy supply. All of its gas is supplied by Russian state gas company Gazprom. Then Romanian President Traian Basescu told U.S.-based security consultancy Stratfor in 2014 that Gazprom is more dangerous than the Russian Army as a policy weapon.

To diversify Moldova's gas supply, a new pipeline was opened in September 2014, connecting Moldova to the Romanian gas network. However, the pipeline has a limited capacity and supplies gas to only one border district. The government hopes to extend the pipeline to Chisinau in two years, according to Business New Europe. As of October, gas deliveries were stalled because the Moldovan government had yet to reach an agreement on supplying Romanian gas with MoldovaGaz, the monopoly gas supplier, which is 50 percent owned by Gazprom and 13.4 percent by the Russian-backed separatist government in Transnistria, further complicating efforts to get out from under Gazprom's thumb.

Russia can apply pressure through Moldovans who have migrated to Russia for work. Not only is Moldova the poorest country in Europe, with the World Bank estimating a 2013 per capita gross domestic product (GDP) of less than \$4,700, it also has the highest emigration rate. About one-quarter of Moldova's citizens and half its workforce live abroad and send home remittances, which World Bank data indicate represent about 25 percent of GDP. As many as 300,000 work in Russia, and according to The Associated Press, Russia has hinted that it may consider expelling them, causing economic deprivation in Moldova.

The frozen conflict with Russian-backed Transnistria remains an impediment to Moldova's efforts to transition into a normal European society. When Russia annexed Ukraine's Crimea territory, Transnistria asked to be annexed as well, a move Moldova said was meant to escalate tensions. *Foreign Affairs* said that Russia obstructs settlement talks "every step of the way," though Moscow has recently hinted that it would facilitate reintegration if Chisinau were to turn its back on the EU and join the Eurasian Union. With its nostalgia for Soviet symbols, monuments and military parades, Transnistria has been called a Soviet theme park, but Stratfor calls it "the kind of legally murky, ill-defined smugglers' paradise that [Russian President Vladimir] Putin wants to see multiply in eastern Ukraine."



Signs in central Tiraspol, capital of separatist Transnistria, illustrate the enclave's reputation for promoting Soviet-era nostalgia and symbolism. EPA

'LITTLE GREEN MEN' AND 'HYBRID WAR'

In late 2014, Moldovan leaders reported increasing Russian efforts to influence parliamentary elections and reverse economic integration with the EU. "Pro-Russian parties [primarily the Communists and Socialists] are hoping that sanctions and the threat of unrest will convince many Moldovans to vote against the pro-Western government and derail EU plans," The Associated Press reported.

Vladimir Filat, former Moldovan prime minister and head of the ruling pro-European coalition's largest party, told U.S. online newspaper The Daily Beast that Russian intelligence forces have spread throughout the country. They have burrowed into political parties and nongovernmental organizations while pro-Russian media bombard Russian-speaking Moldovans with Kremlin talking points 24 hours a day with the goal of destabilizing the country before the elections, Filat said.

For example, after frequent visits by Russian politicians, a recent referendum in the Gagauz autonomous region, supported by the pro-Russian Communist Party, called for Moldova to reject the EU and instead join the Eurasian Union. Gagauzia has increasingly been making noise about separation. There have been reports that numerous nonuniformed Russian personnel have been moved into Transnistria, reminiscent of the "hybrid warfare" tactics used in Crimea before invasion and annexation.

U.S. Gen. Philip Breedlove, NATO Supreme

Commander, agrees. "On the flipside, to the little green men thing, we have clearly now seen the script play out in Crimea. We've seen the script play out in eastern Ukraine. We're beginning to see some of the script in Moldova and Transnistria. And so we're beginning to understand this whole track of how this hybrid war will be brought to bear," he said in a speech to a multinational audience in Washington in September 2014.

CONCLUSION

Moldova has made a commitment to economic and political reform necessary to become part of the European community and rebuild its economy. A 2013 appraisal of progress by the European Commission found that Moldova did more than any of the other Eastern neighbors to push through reforms. In Åslund's view, Moldova is the most democratic of the six countries in the EU's Eastern Partnership.

Russia appears to be stoking fear and uncertainty to keep Moldova from moving forward. Successful implementation of the EU program will help alleviate many of the country's problems. The Association Agreement will provide Moldova with markets for its exports, boosting foreign direct investment and domestic employment, Åslund said. This will also encourage the return of emigrants from Russia and elsewhere. Said *Foreign Affairs*: "Moldova today is balanced on a knife's edge between a future as an impoverished, militarized Russian colony or as a beneficiary of EU integration and European values." □