Moldova: An Overview

Moldova is one of three post-Soviet states, together with Ukraine and Georgia, that have sought greater integration with the West while coping with separatist territories occupied by Russian forces. Moldova is located near the Black Sea between Ukraine and Romania.

Politics

Moldova held parliamentary elections on February 24, 2019. Elections to the 101-seat legislature did not produce a clear victor, and coalition negotiations continue. If no agreement is reached, Moldova's president may dissolve parliament in mid-June 2019 and hold new elections.

Four parties and electoral blocs entered parliament (see **Table 1**). President Igor Dodon's Socialist Party, an economically left, socially conservative, pro-Russian party, came in first. The incumbent Democratic Party of Moldova (PDM) came in second; the PDM claims a center-left, pro-Western mantle, but critics argue that it primarily represents the interests of its chairman, wealthy businessman Vladimir Plahotniuc. A Western-leaning reform alliance, ACUM (or "Now"), came in third. The Shor Party, led by a regional mayor who is appealing a seven-year prison sentence for bank fraud, placed fourth.

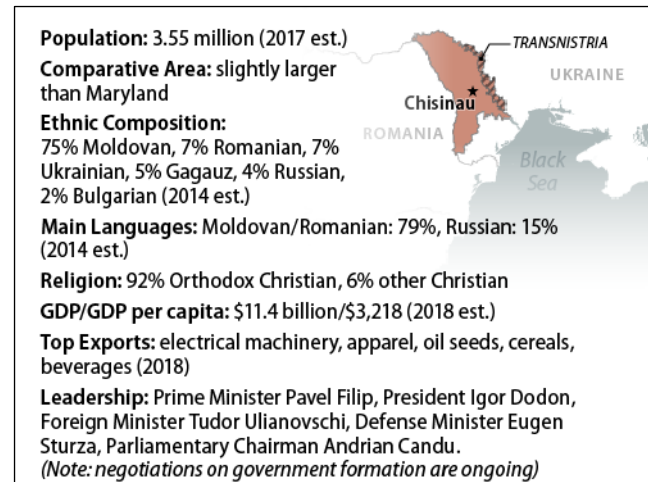**Table 1. February 2019 Parliamentary Elections**

Party	Party List (%)	Single Mandate Seats	Total Seats
Socialists	31%	17	35
PDM	24%	17	30
ACUM	27%	12	26
Shor Party	8%	2	7
Independents	—	3	3

International observers said the elections were competitive but "tainted by allegations of pressure on public employees, strong indications of vote buying, and the misuse of state resources." The U.S. Department of State said it shared observers' concerns about election improprieties.

Before the 2019 elections, Moldova's political environment was already contentious. In summer 2018, mass protests were held against a court decision to annul the results of a snap mayoral election in Chisinau, Moldova's capital, which had been won by Andrei Năstase, who later became one of ACUM's two co-leaders. The court's decision was criticized by outside observers, including the European Union and the United States.

Moldova has had a directly elected presidency since 2016. In November 2016, Igor Dodon was elected with 52% of the vote in a second round. Maia Sandu, who later became a co-leader of ACUM, came in second place with 48% of the vote. President Dodon has sought to expand the relatively limited formal powers of the presidency.

Figure 1. Moldova at a Glance

Population: 3.55 million (2017 est.)
Comparative Area: slightly larger than Maryland
Ethnic Composition: 75% Moldovan, 7% Romanian, 7% Ukrainian, 5% Gagauz, 4% Russian, 2% Bulgarian (2014 est.)
Main Languages: Moldovan/Romanian: 79%, Russian: 15% (2014 est.)
Religion: 92% Orthodox Christian, 6% other Christian
GDP/GDP per capita: $11.4 billion/$3,218 (2018 est.)
Top Exports: electrical machinery, apparel, oil seeds, cereals, beverages (2018)
Leadership: Prime Minister Pavel Filip, President Igor Dodon, Foreign Minister Tudor Ulianovschi, Defense Minister Eugen Sturza, Parliamentary Chairman Andrian Candu. *(Note: negotiations on government formation are ongoing)*

Source: Moldova National Bureau of Statistics and IMF (does not include Transnistria). Figure created by CRS.

Although the PDM-led Cabinet and President Dodon have been divided on several issues, they cooperated before elections to revise Moldova's election code. The new law replaced the pure party-list system with a mixed system that includes single-member districts. Many observers predicted this change would favor the ruling PDM and the Socialist Party at the expense of ACUM. In the February 2019 elections, the PDM and the Socialist Party each won 17 single-member seats, and ACUM won 12, despite placing second in the party-list vote.

The PDM gained power in 2016 after the previous government collapsed amid fallout from a massive bank fraud case involving the alleged loss of some $1 billion, equivalent to more than 12% of Moldova's gross domestic product (GDP). Pro-Western forces had won a contentious election in 2009, but infighting, corruption, and popular protest gradually weakened their authority. From 2013 to 2016, four pro-Western ruling coalitions collapsed in succession. From 2001 to 2009, Moldova was run by a reformed Communist Party.

Transnistrian Conflict

Since becoming independent in 1991, Moldova has coped with the secession of Transnistria, a Russian-backed territory with more than 10% of the country's population and a substantial but faltering industrial base. Despite its separatist status, Transnistria has economic relations with the European Union (EU), the destination for more than half of its exports.

A political settlement to the Transnistrian conflict remains distant. The Moldovan government supports the establishment of a "special status" for Transnistria within

Moldova, but the Russia-backed Transnistrian authorities have resisted an agreement. Russia has stationed approximately 1,500-2,000 forces in the region, a few hundred of which Moldova accepts as peacekeepers. Russia also has distributed Russian passports to residents.

The conflict-resolution process operates in a "5+2" format under the chairmanship of the Organization for Security and Cooperation in Europe (OSCE), with the OSCE, Russia, and Ukraine as mediators and the EU and the United States as observers. The process stalled in 2014 but resumed in 2016, when Chisinau and Transnistria committed "to engage in a substantive, result-oriented dialogue" that focuses on a set of practical issues and confidence-building measures known as the "package of eight." Since then, the sides have resolved several issues related to transit, education, and agriculture.

Economy

Moldova is one of the poorest countries in Europe, although it has made "significant progress in reducing poverty and promoting inclusive growth since the early 2000s," according to the World Bank. Since 2010, Moldova's GDP growth has averaged around 4.3% a year; it is forecast to grow between 3.5% and 4% a year in 2019 and 2020.

Agriculture, especially fruit and wine, plays an important role in Moldova's economy. The sector, together with agro-processing, makes up approximately one-third of GDP and one-third of the labor force. Moldova also depends on remittances from labor migrants, which have equaled almost 20% of GDP over the past five years.

In 2018, Moldova's top-five merchandise trading partners were Romania (18%), Russia (11%), Germany (8%), Italy (8%), and Ukraine (8%). As a whole, the EU accounted for 56% of Moldova's total trade and 70% of its exports.

Foreign Policy

Moldova pursues a pro-Western foreign policy. Unlike the similarly pro-Western Ukraine and Georgia, however, Moldova is a constitutionally neutral state. The pro-Russian President Dodon has been at odds with the rest of the government, which has sought closer relations with NATO and the West while seeking to reduce Russian influence. A sizeable number of Moldovans support closer relations with Russia; in a 2018 poll, 46% of respondents supported membership in the EU and 39% supported membership in the Russia-led Eurasian Economic Union.

The EU's main framework for engagement is the EU-Moldova Association Agreement (AA), which entered into force in 2016 and includes a free-trade agreement. The EU also has granted Moldovans visa-free travel. The EU is a major provider of financial assistance to Moldova, but in November 2018, it stated that a €100 million macro-financial assistance program, which had been made conditional on respect for "effective democratic mechanisms" and implementation of reforms, would be suspended and other aid reduced.

The EU supports conflict management through its Border Assistance Mission to Moldova and Ukraine, which seeks to help the two countries combat transborder crime,

facilitate trade, and resolve the conflict with Transnistria, which shares a long border with Ukraine.

Although Moldova does not aspire to join NATO, it maintains close relations with the alliance. NATO-Moldova cooperation is structured around an Individual Partnership Action Plan. Moldova participates in NATO- and U.S.-led military exercises and contributes troops to the NATO-led Kosovo Force, or KFOR.

Moldova has a close relationship with Romania. Moldovans are related to Romanians by ethnicity and language, and most of Moldova was part of Romania from 1918 to 1940. At least half a million Moldovans are estimated to hold dual citizenship with Romania, an EU member. Some Moldovans support unification with Romania, although most are opposed.

Moldova's relationship with Russia remains difficult, even as President Dodon has sought to improve ties. Since 2013-2014, Russia has imposed bans on various Moldovan agricultural products, including wine and fruit (some of these bans have been partially lifted or periodically recur).

In 2017, Moldova's Constitutional Court ruled that the presence of Russian troops in Moldova was unconstitutional. The Moldovan parliament then adopted a declaration calling on Russia to withdraw its troops. In June 2018, the U.N. General Assembly passed a resolution calling on Russia to withdraw from Transnistria "unconditionally and without further delay."

In August and September 2018, the OSCE expressed concern about "unsanctioned military exercises" of Russian military forces in Transnistria, which involved practice crossings of the Dniester river, the primary boundary between Transnistria and the rest of Moldova.

In 2018, Moldova passed legislation to effectively prohibit Russian television news broadcasts, and its parliament adopted a declaration accusing Russia of political interference and cyberattacks.

U.S. Assistance

In March 2019, U.S. Ambassador to Moldova Derek Hogan called on Moldova's "newly elected officials to choose the common good over self-interest." He said that the United States "stands ready to partner with whatever government is formed" to "improve the lives of every Moldovan citizen." In recent years, the United States has increased assistance to Moldova: $45 million in FY2016, $66 million in FY2017, and $74 million in FY2018. The Trump Administration's FY2020 request is $22 million.

During the 115th Congress, parallel resolutions were introduced in the House and Senate to support Moldova's sovereignty and territorial integrity, as well as an enhanced U.S.-Moldova partnership (H.Res. 745, S.Res. 629).

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