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IS THERE HOPE FOR DEMOCRATIC TRANSFORMATION IN EU'S EASTERN NEIGHBOURHOOD? Moldova as a building block

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Along with a few other former Soviet republics, Moldova celebrated the 20th anniversary of its declaration of independence in August. A first ever military parade was rolled out with combat vehicles and festive speeches were held. Breathing new life into rusty Soviet military equipment and kitting out the soldiers for the day put a heavy burden on the budget of the poorest country in Europe, costing, according to a Moldovan media outlet, 9 million lei (ca 560.00 euros). While the Moldovan blogosphere was divided between bittersweet pride and disillusion, Moldova's leaders were carefully hopeful when addressing the crowds.

There are reasons for excitement – Moldova has set off to carry out difficult and costly reforms. It is taking steps to overcome years of internal political instability, and advancing both in economic and political reforms. The governing three-party Alliance for European Integration has been keen in voicing its European aspirations, and this eagerness has been welcomed by the EU. Indeed, the country is more than likely to benefit from the Commission's new "more for more" approach, which entails more assistance for more reform endeavours. Already now, excluding the occupied Palestine territories, Moldova is the biggest benefiter of EU external assistance per capita under the European Neighbourhood Policy, receiving 137.50 euro per person for the period of 2010-2013 (calculated for population of 4 million, since ca 20 to 25 per cent are estimated living temporarily or permanently abroad) or 550 MEUR in total. Additionally, the European Investment Bank and the European Bank for Reconstruction and Development have committed to financing Moldova with loans in the amount of 600 MEUR.

Having learnt from its failure to use the momentum created after the Orange Revolution in the Ukraine, the EU has been keen not to repeat the same mistakes with Moldova. From the beginning of 2010, Moldova and the EU have been negotiating an Association Agreement, which would further deepen the relations between both partners by enhancing political dialogue as well as economic integration, albeit without membership perspective. The core element of the agreement is a

Deep and Comprehensive Free Trade Area, going beyond the simple free trade agreements. Since 2008, Moldova benefits from a visa facilitation scheme with the EU, as well as a wider Mobility Partnership. In June 2010, partners opened a visa dialogue which is expected to lead to visa-free travel in the long term.

Yet, Moldova's political stability remains fragile, and reform efforts are yet to produce tangible and far-reaching results. Commentators often remark that now that the pro-European reform-minded government has been in power for two years, it is time to go beyond rhetoric and show concrete results. The Moldovan political elites are heavily polarised, the opposition forces remain excluded from decision processes, and block any breakthrough. Due to these differences, the Moldovan parliament has failed to form a majority to elect the President. Marian Lupu, a candidate himself and current parliamentary speaker, is filling the post of acting president. It is far from certain that the current alliance can win the next elections, since the voters of Moldova are more disillusioned than ever. According to polls cited on the blog of a Moldovan journalist, Diana Lungu, as many as 65 per cent of Moldovans are currently unhappy with the situation in the country, and only 24 per cent believe that the country is moving in the right direction.

The country remains split, and no tangible progress has been made towards a sustainable settlement of the unresolved conflict in the disputed territory of Transnistria. Almost two decades of 5+2 talks with the participation of Russia, Ukraine, the OSCE, the EU and the US, have not produced a status agreement. The breakaway region continues to function as something between a no-man's land and a lawless paradise. Russia and Ukraine both have vested interests in the statu quo, and the European Union, that assists the process and provides for measures for conflict transformation, lacks a clear strategy as to how to solve it. The Romanian government's ongoing campaign to distribute their passports to Moldovan citizens and a similar conduct by the Russians in Transnistria do little to advance the consolidation of the country.

Despite high growth numbers over the previous years, the country remains the poorest in Europe in terms of its GNI per capita (1810 US \$, according to World Development Indicators database issued by the World Bank in July 2011). Moldova has been severely hit by the previous wave of economic crisis but is said to be recovering. The Ministry of Economics and the IMF predict a 5 per cent growth for this year, depending naturally on the impact of the new bout of the economic crisis. Serious levels of corruption favour unequal distribution of the little wealth there is and a relatively high unemployment, estimated to remain at the 2010 level of 7.4 per cent in 2011, encourages especially the young to look for better luck in other countries. Around 30 per cent of the workforce is estimated to have left Moldova to work abroad.

In conclusion, the country needs to get serious about its reform agenda, and make imaginative efforts to overcome the internal political divisions that are a major obstacle to progress. Moldova with its current enthusiasm has some potential to achieve the same kind of results as the Baltic States and other Eastern EU member states in the 1990s, if it is prepared to put whatever it takes behind the transformation endeavours. The European Union, with all its well-known faults, cannot provide the motivation from the outside. Nobody can, if Moldova itself lacks the necessary political will and stamina. Yes, there is enlargement fatigue, some EU member states are disappointed about the experiences of offering visa free travel to Western Balkan candidate countries, and even Spain has decided to backtrack regarding the opening of its labour market to Romanians. However, all this may change with time. What will remain unchanged is that a ring of stable, prosperous and democratic friends is in the interests of the Union, and that the Union needs a success story in Moldova as a building block for that ring.