



## Moldova: An Overview

Moldova is one of three post-Soviet states—together with Ukraine and Georgia—that has sought greater integration with the West while dealing with separatist territories occupied by Russian forces. Many Members of Congress have long supported Moldova’s democratic trajectory and territorial integrity and have called on Russia to respect Moldova’s sovereignty and withdraw its military forces.

### 2020 Presidential Election

In November 2020, a reform-oriented, pro-European candidate, former prime minister Maia Sandu, was elected Moldova’s president. Moldova’s presidency has relatively limited powers under the country’s parliamentary system, but the position also holds symbolic importance.

Sandu defeated incumbent President Igor Dodon, 58% to 42%, in a second-round vote (in the first round, Sandu beat Dodon, 36% to 33%). Dodon is the de facto leader of the Russian-leaning, socially conservative Party of Socialists, the ruling party. The election was a rematch of Moldova’s first direct presidential election in 2016 when Dodon defeated Sandu, 52% to 48%.

Before the election, polls suggested the outcome was uncertain. Some observers thought Dodon had an advantage. Factors contributing to this perception included the Socialists’ control of major media organizations and the anticipated manipulation and mobilization of pro-Russian voters in Moldova’s breakaway region of Transnistria and among Moldovan voters in Russia. In October 2020, a joint Moldovan-Russian nongovernmental investigation alleged that Dodon’s campaign had received support from Russia’s foreign intelligence service.

Sandu’s campaign targeted the government’s alleged economic mismanagement and poor COVID-19 pandemic response. In addition, Sandu accused Dodon and other government officials of corruption. Sandu also appeared to benefit from the divided vote of supporters of third-place finisher Renato Usatii, who is generally considered pro-Russian but criticized Dodon. Ultimately, Sandu’s margin of victory was expanded significantly by heavy turnout among Moldovan voters in Europe. Voters abroad made up 16% of total turnout; 93% of them voted for Sandu.

### Political Background

Moldova’s political environment has been contentious for years. After parliamentary elections in 2019, Sandu served as prime minister in a short-lived coalition government of ACUM (“Now”)—a reform-oriented, Western-leaning alliance that she co-led—and the Socialists. The uneasy alliance, which formed in June 2019 after a three-month stalemate, unseated the formerly ruling Democratic Party of Moldova (PDM). The PDM gained power in 2016 amid fallout from a bank fraud scandal involving the alleged loss

of some \$1 billion, equivalent to more than 12% of Moldova’s gross domestic product (GDP).

Many observers say the PDM and its former leader Vladimir Plahotniuc, a wealthy businessman, “captured” Moldova’s state institutions for personal and party gain. In 2019, the PDM failed in an effort to use Moldova’s Constitutional Court to block the Sandu government from coming to power. Plahotniuc subsequently left the country and has been indicted for financial crimes.

In November 2019, the Sandu government fell after the Socialists initiated a no-confidence vote against Sandu for seeking to grant herself greater control over the appointment of the country’s prosecutor-general. Sandu reportedly made the move because she feared Dodon and the Socialists were seeking to sabotage judicial reforms.

A new government led by Ion Chicu, a former finance minister with ties to Dodon, formed with PDM support. Some PDM members left the party to form a new parliamentary faction. In March 2020, the PDM officially joined the Chicu government but withdrew in November 2020. Sandu and other politicians have called for new parliamentary elections. It is unclear if the Chicu government will retain enough support to remain in power.

### Transnistrian Conflict

Since Moldova gained independence in 1991, it has coped with the de facto but limited secession of Transnistria, a Russian-backed region with at least 10% of Moldova’s population and a substantial industrial base. Moldovan authorities support a special governance status for Transnistria, but Russia and authorities in Transnistria have resisted making an agreement on such a status.

Despite its separatist tendencies, Transnistria has strong economic links with both Moldova and the European Union (EU), the destination for about half of its exports. Residents may vote in Moldovan elections at polling stations outside Transnistria; some 31,000 were reported to have voted in the second round of the 2020 presidential election.

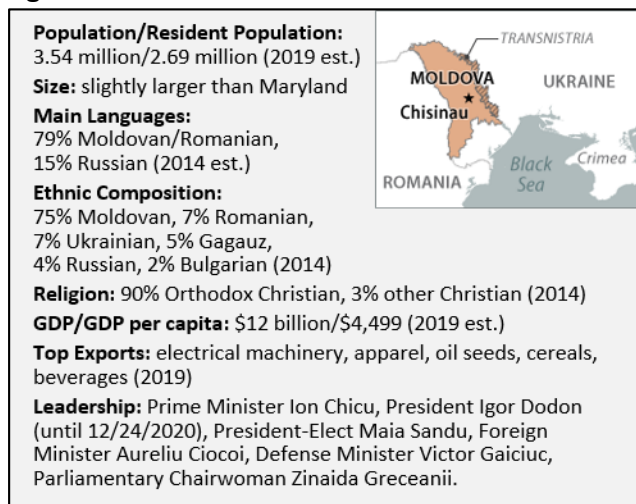
Russia stations about 1,500 soldiers in Transnistria, a few hundred of which Moldova accepts as peacekeepers. In 2017, Moldova’s Constitutional Court ruled that Russia’s non-peacekeeping troop presence was unconstitutional, and its parliament adopted a declaration calling on Russia to withdraw these forces. In 2018, the U.N. General Assembly passed a resolution calling on Russia to withdraw its troops from Moldova “unconditionally and without further delay.”

A conflict-resolution process that was renewed in 2011 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 EU also supports conflict management through a Border Assistance Mission to Moldova and Ukraine (EUBAM), which seeks to help combat transborder crime, facilitate trade, and resolve the conflict over Transnistria.

In 2016, the Moldovan government and Transnistrian leaders committed “to engage in a substantive, results-oriented dialogue” focused on a set of practical issues and confidence-building measures. The sides resolved several issues related to transit, education, agriculture, and the recording of civil statistics. In 2020, restrictions related to the COVID-19 pandemic slowed dialogue, but in July 2020, the two sides agreed to discuss issues related to transit, telecommunications, and financial connectivity.

**Figure 1. Moldova at a Glance**



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

## Foreign Policy

Moldova generally has pursued a pro-European foreign policy, although the Socialist Party and many Moldovans support a closer relationship with Russia. Moldova is a constitutionally neutral state and does not aspire to join NATO. Moldova maintains close relations with NATO and the EU and, especially, NATO and EU member Romania, although disputes with the latter have arisen under Dodon. Moldovans are related to Romanians by ethnicity and language; between half a million to one million Moldovans are estimated to hold Romanian citizenship.

The main framework for EU-Moldova relations is an Association Agreement, which entered into force in 2016 and includes a free-trade agreement. The EU also provides Moldovans visa-free entry to most member states. The EU suspended financial assistance to Moldova under the PDM government but resumed assistance in 2019 under the Sandu government. An EU spokesperson said the dismissal of the Sandu government in 2019 sent “worrying signals for the reform process in the country.”

Looming over Moldova’s development, and of interest to many in Congress, is the question of Russia’s influence and intentions. Many observers believed that Russia was

unlikely to stand aside in 2019 as the Sandu government implemented reforms that could help promote Moldova’s European integration. The dismissal of the Sandu government that year reinforced such concerns, although Russia did not openly play a role in the affair. During Moldova’s 2020 election campaign, Russian officials appeared to support Dodon and accused the United States of plotting his overthrow. Overt Russian interference was not evident, however, and turnout among Moldovan voters in Russia and Transnistria was relatively low.

## Economy

One of Europe’s poorest countries, Moldova has made “significant progress in reducing poverty and promoting inclusive growth,” according to the World Bank. Moldova’s annual GDP growth has averaged about 4.2% since 2016. Due to the impact of the COVID-19 pandemic, GDP growth is expected to decline by 3%–4% in 2020.

Agriculture and food processing account for more than 15% of GDP and more than a quarter of Moldova’s labor force. It is estimated that up to one million Moldovan citizens live abroad. In recent years, labor remittances have been estimated at more than 15% of GDP. In 2019, Moldova’s top-five merchandise trading partners were Romania (19%), Russia (11%), Germany (8%), Italy (8%), and Ukraine (8%). As a whole, the EU accounted for 66% of Moldova’s exports and 55% of its total trade.

## U.S. Relations

U.S. assistance to Moldova was \$74 million in FY2018, \$56 million in FY2019, and an estimated \$48 million in FY2020. The United States supports OSCE-led negotiations on Transnistria.

In November 2019, the U.S. Embassy in Moldova said the dismissal of the Sandu government was “unfortunate” and that “Moldovans deserve leaders who will work for the good of the country and will free it from the corruption that has prevented Moldova from reaching its potential.” In November 2020, the U.S. Embassy issued a statement congratulating Sandu “on her historic achievement as Moldova’s first female elected president.” The Embassy stated that the United States would “robustly support” Moldova’s reform, security, and public health efforts.

The United States has taken action against former PDM leader Plahotniuc. In January 2020, the United States imposed a visa ban on Plahotniuc (and his family) for involvement in “corrupt acts that undermined the rule of law and severely compromised the independence of democratic institutions in Moldova.” U.S. Secretary of State Michael Pompeo said the visa ban “sends a strong signal the United States does not tolerate corruption and stands with the people of Moldova in their fight against it.” In March 2020, the U.S. Embassy in Moldova confirmed reports that Plahotniuc had entered the United States prior to the imposition of the visa ban and that proceedings to deport him were underway. Subsequent reports indicated that Plahotniuc was unsuccessful in an effort to seek political asylum in the United States.

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