

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.

Moldova’s political environment has been contentious for years. However, the twin victories of reformist Maia Sandu in the 2020 presidential elections and her pro-European Party of Action and Solidarity (PAS) in 2021 snap parliamentary elections point to renewed efforts to reinvigorate Moldova’s governance reforms and boost its European integration efforts. PAS’s victory ends years of rule by shifting and unstable parliamentary coalitions that often included allegedly corrupt political forces.

2020 Presidential Election

In November 2020, Maia Sandu was directly elected as Moldova’s president. Moldova’s presidency has relatively limited powers under the country’s parliamentary system, but the position holds symbolic importance. Sandu defeated incumbent President Igor Dodon, 58% to 42%, in a second-round vote. Dodon is the de facto leader of the Russian-leaning, socially conservative Party of Socialists.

Before the election, some observers thought Dodon had an advantage due to 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 Moldovans in Russia.

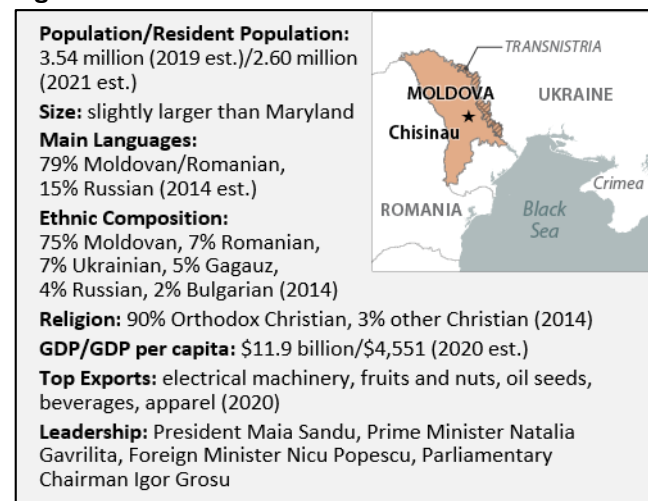
Sandu’s campaign targeted the government’s alleged economic mismanagement and poor COVID-19 pandemic response. In addition, Sandu accused Dodon and other government officials of corruption. Sandu’s margin of victory was expanded significantly by heavy turnout among Moldovan voters in Europe. Voters abroad made up 16% of total turnout; 93% of them voted for Sandu (relatively few Russia-based voters participated in the election).

Prior to the 2020 election, Sandu had served briefly as prime minister in a coalition government comprising a political bloc she co-led and the Socialists. This uneasy coalition formed in 2019 to unseat the formerly ruling Democratic Party of Moldova (PDM), which failed in an effort to use Moldova’s Constitutional Court to block the Sandu government from coming to power. In November 2019, the Sandu government fell after the Socialists initiated a no-confidence vote, and a new Socialist-backed government formed with PDM support.

These developments followed a period of concern over alleged deterioration of the rule of law in Moldova. The

center-left 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, Plahotniuc left the country; he has been indicted for financial crimes.

Figure 1. Moldova at a Glance



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

2021 Snap Parliamentary Elections

At the end of 2020, Sandu, the PAS, and the Socialists all expressed support for snap parliamentary elections, as a stable majority did not exist. A temporary stalemate followed, however, as the Socialists and its allies sought to retake power. In February 2021, as part of an agreed plan for calling snap elections, the parliament rejected Sandu’s nomination of the PAS-backed Natalia Gavrilita as prime minister. The Socialists then unexpectedly nominated another candidate, who claimed the support of a majority in parliament. Sandu rejected this candidate, stating that his list of supporters had been secured by corrupt means and, in any case, did not represent an official majority faction.

After the parliament failed to support a second presidential nominee, President Sandu requested the Constitutional Court pronounce she had the right to dissolve parliament and hold snap elections. The Court ruled affirmatively and opposed two more Socialist efforts to forestall new elections—the imposition of a state of emergency, allegedly related to the COVID-19 pandemic, and an effort to remove the Constitutional Court chairman.

In April 2021, Sandu dissolved parliament and scheduled snap parliamentary elections for July 11, 2021. Sandu’s

pro-European PAS won the elections with 53% of the vote and 63 of 101 seats. In August 2021, the newly constituted parliament confirmed a government led by Prime Minister Natalia Gavrilita.

A Socialist-led bloc came in second place, with 27% of the vote and 32 seats. The third party to enter parliament, the Shor Party, is officially led by a wanted political and business figure who fled Moldova in 2019 while appealing a seven-year prison sentence for his alleged role in Moldova's \$1 billion bank fraud. The PDM received less than 2% of the vote and did not enter parliament.

Transnistrian Conflict

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

Despite its separatist tendencies, Transnistria has strong economic links with the rest of Moldova and the European Union (EU), the destination for more than half of its exports. Residents who have retained Moldovan citizenship may vote in Moldovan elections at polling stations outside Transnistria; some 28,000 such residents of Transnistria voted in Moldova's 2021 snap parliamentary elections.

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. 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 operates in a "5+2" format under the chairpersonship 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 the EU Border Assistance Mission to Moldova and Ukraine, which seeks to help the two countries combat transborder crime, facilitate trade, and resolve the conflict over Transnistria.

In 2016, the Moldovan government and Transnistrian leaders committed within the "5+2" format "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; nevertheless, the two sides agreed in July 2020 to restart discussion of issues related to transit, telecommunications, and financial connectivity.

Foreign Policy

Moldova generally has pursued a pro-European foreign policy, although the Party of Socialists 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, Romania, a NATO and EU member. Moldovans are related to Romanians by ethnicity and language. According to Romanian authorities, more than 640,000 Moldovans have Romanian citizenship.

The main framework for EU-Moldova relations is an Association Agreement that includes a free-trade agreement. The EU also provides Moldovans visa-free entry to most member states.

Looming over Moldova's development, and of interest to many in Congress, is the question of Russia's influence and intentions. During Moldova's 2020 presidential election, 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, as was the case in the 2021 parliamentary elections. Some observers concluded that the Russian government had "abandoned" Dodon and the Party of Socialists.

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 averaged about 4.2% from 2016 to 2019. Due to the impact of the COVID-19 pandemic, GDP growth declined by 7% in 2020. It is estimated that at least one million Moldovan citizens live abroad. In recent years, labor remittances have been estimated at more than 15% of GDP. As a whole, in 2020, the EU accounted for 67% of Moldova's exports and 52% of its total trade.

U.S. Relations

Moldova is the third highest recipient of U.S. foreign aid in Europe and Eurasia. U.S. bilateral assistance to Moldova was \$56 million a year in FY2019 and FY2020 and \$54 million in FY2021. For FY2022, the Administration's budget request includes \$55 million in bilateral aid.

In November 2020, the U.S. Embassy congratulated Sandu "on her historic achievement as Moldova's first female elected president" and said the United States would "robustly support" Moldova's reform, security, and public health efforts. The FY2022 budget request states that U.S. assistance "will advance our shared priorities with reformers like President Maia Sandu ... to make Moldova a more competitive and democratic European country."

In January 2020, the United States imposed a visa ban on former PDM leader 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." Then-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."

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