



# Moldova: Background and U.S. Policy

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## Summary

Although a small country, Moldova has been of interest to U.S. policymakers due to its position between NATO and EU member Romania and strategic Ukraine. In addition, some experts have expressed concern about alleged Russian efforts to extend its hegemony over Moldova through various methods, including a troop presence, manipulation of Moldova's relationship with its breakaway Transnistria region, and energy supplies and other trading links. Moldova's political and economic weakness has made it a source of organized criminal activity of concern to U.S. policymakers, including trafficking in persons.

For the past several years, Moldova has suffered a protracted political and constitutional crisis. A victory by the ruling Party of Communists of the Republic of Moldova (PCRM) in April 2009 parliamentary elections sparked violent demonstrations, with protestors claiming electoral fraud and chanting anti-Communist slogans. New parliamentary elections were triggered in July 2009 by a constitutional provision requiring new elections if the parliament does not elect a president by a three-fifths supermajority. This time, a group of centrist and center-right opposition parties formed a majority coalition called the Alliance for European Integration (AEI). However, the failure to elect a president triggered another parliamentary vote in November 2010, which was also won by the AEI. The issue of the presidency could trigger yet more early elections, unless the government can change, by legislation or referendum, the rules for electing the president. Prime Minister Vlad Filat has said he is focused on dismantling the country's Communist legacy and building a state ruled by law. The new government has improved relations with Romania and the European Union.

Moldova is Europe's poorest country, according to the World Bank. Living standards are low for many Moldovans, particularly in rural areas. Remittances from Moldovans working abroad amounted to 22% of the country's Gross Domestic Product in 2010. The global financial crisis has had a negative impact on Moldova. Moldova's currency weakened and remittances dropped, as Moldovan emigrants lost jobs in other hard-hit countries. Moldova's GDP dropped by 7.3% in 2009. However, it rebounded to grow by 6.9% in 2010.

As a self-declared neutral country, Moldova does not seek NATO membership, but participates in NATO's Partnership for Peace (PFP) program. Moldova is currently negotiating an Association Agreement with the European Union (EU), which provides for cooperation in a wide variety of spheres and holds out the possibility of an eventual free trade agreement and visa liberalization. Moldova hopes to become a candidate for EU membership, although the EU is unlikely to accept Moldova as a candidate in the foreseeable future, due to Moldova's poverty and the EU's own internal challenges.

The United States and Moldova have enjoyed good relations since the country's independence in 1991. In a sign of support for the pro-Western government, Vice President Joseph Biden visited Moldova in March 2011. At a speech in Chisinau, the country's capital, Biden praised Moldova for its commitment to reform and democratic values, including the holding of free and fair elections. He called on Moldova to continue its efforts to create a transparent legal system, to fight corruption, and to end human trafficking. He said that the United States would continue to support a settlement for Transnistria that preserves Moldova's sovereignty and territorial integrity within its internationally recognized borders. He said U.S. aid will help the Moldovan government create policies to spur economic growth and attract foreign investment, train civil society to become more effective advocates, and help improve Moldova's schools.

## **Contents**

Political Situation.....	1
Transnistria .....	3
Economy .....	4
Foreign Policy.....	5
NATO and the European Union.....	6
U.S. Policy.....	7

## **Figures**

Figure 1. Transnistria and Gagauz Regions.....	3
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## **Contacts**

Author Contact Information .....	10
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## Political Situation

Although a small country with a population of just over 3.6 million people, Moldova has been of interest to U.S. policymakers due to its position between NATO and EU member Romania and strategic Ukraine. In addition, some experts have expressed concern about alleged Russian efforts to extend its hegemony over Moldova through various methods, including a troop presence, manipulation of Moldova's relationship with its breakaway Transnistria region, and energy supplies and other trading links. Moldova's political and economic weakness has made it a source of organized criminal activity of concern to U.S. policymakers, including trafficking in persons.

The Communist Party of the Republic of Moldova (PCRM) held power in Moldova after winning parliamentary elections in 2001 and 2005. The PCRM's leader is Vladimir Voronin, who was elected by the parliament as president of Moldova after each of the Communists' election victories.

Since 2009, Moldova has suffered a protracted political and constitutional stalemate. On April 5, 2009, Moldova held parliamentary elections. The PCRM won 60 seats in the 101-seat parliament. Three parties from the center-right opposition won the remaining seats. International observers said the vote "met many international standards," but noted shortcomings in some areas.<sup>1</sup> The Communist victory sparked demonstrations on April 6 and 7. As many as 10,000 persons demonstrated in Chisinau, Moldova's capital, on April 7. Many demonstrators were peaceful, but some sacked and looted the parliament building and the offices of the president. More than 200 people were injured in clashes between the police and the rioters, and one person died. The authorities later arrested more than 300 people, allegedly for engaging in violence. Observers noted that young people predominated among the protestors, many of whom reportedly found out about the demonstrations through messaging tools such as Twitter and SMS.

Some observers have asserted that the demonstrators acted out of frustration with Moldova's limited economic opportunities and stagnation, which they associate with the Communists, as well as suspicions of electoral fraud. According to press accounts, in addition to anti-Communist slogans, some demonstrators chanted "we want to join Europe," and "we are Romanians," pointing to at least some support among the demonstrators for union with neighboring EU member-state Romania. President Voronin denounced the protests as an attempted coup d'état and vowed to put down any further riots with force, if necessary. Opposition leaders charged that journalists and students were arrested and in some cases beaten by authorities in the days after the violence.

According to Moldova's constitution, a three-fifths majority (61 votes) of the Moldovan parliament is required to elect a president. The PCRM was unable to secure the presidency for its candidate, as it was one vote short of the needed supermajority. This stalemate triggered new parliamentary elections, which were held on July 29, 2009. The campaign featured sharp rhetoric, much of it dealing with responsibility for the April 2009 violence. The turnout for the vote was just under 59%. The PCRM again was the largest party, but fell short of a majority. Four opposition parties—Liberal Democratic Party, the Liberal Party, Our Moldova, and the

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<sup>1</sup> For a text of the observers preliminary report, see the OSCE website at [http://www.osce.org/documents/odihr/2009/04/37142\\_en.pdf](http://www.osce.org/documents/odihr/2009/04/37142_en.pdf)

Democratic Party—formed a governing coalition, the Alliance for European Integration. The coalition elected Mihai Ghimpu of the Liberal Party as parliament chairman. After Voronin resigned at the expiration of his term in September, Ghimpu became acting president, according to Moldova’s constitution. Ghimpu then chose Vlad Filat, head of the Liberal Democratic Party, to form a new government.

On October 30, 2009, the parliament approved changes to the law on electing the president. Among other provisions, they clarified that parliament could not be dissolved before a full year had elapsed. This allowed the government to postpone a new election. In an effort to definitively solve the issue, the government called a referendum in September 2010 to make the presidency a popularly elected office. However, the referendum was invalidated by a voter turnout lower than the 33.34% minimum required by law, and yet another round of parliamentary elections was held in November 2010, the third in less than two years.

The result of the vote was similar to that of 2009. The Communist Party won the largest single number of seats, while a group of center-right parties was able to reconstitute the Alliance for European Integration, with Filat again as prime minister. (However, one former AEI party, Our Moldova, did not win enough votes to secure any seats in the parliament, and was therefore dropped from the coalition.) Filat’s Liberal Democratic Party holds 32 seats in the parliament, the Democratic Party has 14 seats, and the Liberal Party has 12. Marian Lupu from the Democratic Party was elected as parliament chairman and acting president of Moldova.

The Communists have 42 seats, and are therefore able to prevent the AEI from garnering the 61 seats needed to elect a new, permanent president. The issue of the presidency could trigger yet more early elections, unless the AEI can change, by legislation or referendum, the rules for electing the president. An alternative would be for the two sides to agree on a compromise candidate. As its name suggests, the AEI has focused on carrying out reforms with the goal of closer integration into Europe. One particular area of focus is reform of law enforcement bodies and the judiciary.

Local elections were held in Moldova on June 5, 2011. An election observation mission from the Organization for Security and Cooperation in Europe and the Council of Europe said the elections “largely met OSCE and Council of Europe election-related commitments, in conditions conducive to a competitive campaign and offering voters a genuine choice.” The observers said some improvements were desirable, including the creation of a centralized voter register. This assessment was similar to the one for the November 2010 parliamentary vote.

The election results were a blow for the AEI. In Chisinau, traditionally a stronghold for the anti-Communist parties, Communist candidate Igor Dordon outpolled Liberal Party incumbent Dorin Chirtoaca. However, the Central Election Commission said he fell short of a majority, setting up a runoff vote against Chirtoaca. Dordon suggested electoral fraud had prevented his first round victory, and said street protests could ensue if his election were stolen. The Communists won a majority in the Chisinau city council and in most of the other municipalities in the country as well, although the AEI parties made a good showing in some places. The government’s standing may have been negatively affected by the ongoing economic crisis in the country and the austerity measures undertaken by the government to meet the requirements of the International Monetary Fund and other lenders.

## Transnistria

Conflict between Moldovan forces and those of the breakaway “Dniestr Republic” (a separatist entity proclaimed in 1990 by ethnic Russian local officials in the Transnistria region of Moldova) erupted in March 1992. More than 300 people died in the violence. A cease-fire was declared in July 1992 that provided for Russian, “Dniestr Republic,” and Moldovan peacekeepers to patrol a “security zone” between the two regions. Each of the peacekeeping contingents has roughly 400 personnel. They are overseen by a Joint Control Commission, which includes the three sides, as well as the OSCE as an observer.

The causes of the conflict are complex, involving ethnic factors and maneuvering for power and wealth among elite groups. Ethnic Russians and Ukrainians together make up a majority of Transnistria’s population of over 500,000, while Moldovans are the single largest ethnic group, at 40%.

Many analysts believe an important factor obstructing a settlement is the personal interests of the leaders of the “Dniestr Republic” and associates in Moldova, Russia, and Ukraine, who control the region’s economy. They also allegedly profit from illegal activities that take place in Transnistria, such as smuggling and human trafficking. The 2010 State Department human rights report sharply criticized the poor human rights record of the “Dniestr Republic,” noting its record of rigged elections and harassment of political opponents, independent media, many religious groups, and Romanian speakers.

Negotiations over the degree of autonomy to be accorded the Transnistria region within Moldova have been stalled for many years.<sup>2</sup> The two sides have negotiated over Transnistria’s status with the mediation of Russia, Ukraine, and OSCE. In 2005, at the urging of Ukraine and Moldova, the United States and the European Union joined the talks as observers, resulting in what is called the “5+2” format. From 2006 until June 2011, formal 5+2 talks were not held, due to Transnistrian leaders’ anger at Moldova’s cooperation with the EU and Ukraine to monitor Moldova’s Transnistria border with Ukraine, in an effort to deter smuggling. Informal 5+2 consultations have

Figure I. Transnistria and Gagauz Regions



<sup>2</sup> Another potential secession issue was defused in 1994, when the Moldovan parliament adopted a law establishing a “national-territorial autonomous unit” for the Gagauz minority. The region has its own elected legislative and executive authorities and would be entitled to secession from Moldova in the case of Moldova’s reunification with Romania.

been held regularly, however. Expert groups have discussed confidence-building measures between the two sides, but no progress has been reported on larger political questions.

The current Moldovan leadership favors a significant degree of autonomy for Transnistria, but only as part of a united Moldova. It is seeking the withdrawal of all foreign (i.e., Russian) troops from Transnistria and the replacement of the current peacekeeping force by civilian observers, preferably led by the EU. In an effort to secure Russian support for a resolution, Moldova is willing to reaffirm its military neutrality. Moldovan leaders are also reportedly willing to guarantee Russian property rights in Transnistria. They have also said that they hope to improve the climate for Transnistria's reintegration into Moldova by improving non-governmental, person-to-person links between the people in Transnistria and the rest of Moldova. They also hope that Moldova's growing integration with the EU will increase Moldova's attractiveness to people living in Transnistria.

For their part, Transnistrian leaders reject autonomy. In September 2006, Transnistria held a referendum on independence and union with Russia, which passed with 97% of the vote. The Transnistrian leadership has demanded that Russia recognize the independence of their republic, as Moscow did with Abkhazia and South Ossetia, two secessionist regions in Georgia, in 2008. Russia has thus far rejected these entreaties of the Transnistrian leadership, however.

Informal 5+2 talks are scheduled to be held in Moscow on June 21, 2011, after which the resumption of formal negotiations may occur. Observers believe that Russia is pressuring Transnistria to return to the negotiating table in part due to the role played by Germany. In June 2010, German Chancellor Angela Merkel and Russian President Dmitri Medvedev agreed in Meseberg, Germany, on a memorandum that appeared to offer German support for the creation of a high-level EU-Russia Political and Security Committee in exchange for Russian support for restarting 5+2 talks and achieving "tangible results."

## **Economy**

According to the World Bank, Moldova's per capita Gross National Income of \$1,550 in 2009 makes it the poorest country in Europe. About 30% of the country's population lives in "absolute poverty," according to the EU Commission. More than one-quarter of Moldova's economically active population works abroad. Remittances from those working abroad amounted to 22% of the country's Gross Domestic Product in 2010, according to the Economist Intelligence Unit. Moldova's main natural resource is its rich soil. Agriculture, especially fruit, wine, and tobacco, plays an important role in Moldova's economy. Most of Moldova's industry is located in the breakaway Transnistria region.

The global financial crisis has had a negative impact on Moldova. The leu, Moldova's currency, weakened and remains under pressure. Remittances dropped, as Moldovan emigrants lost jobs in other hard-hit countries. Moldova's GDP dropped by 6% in 2009, but rebounded to grow by 6.9% in 2010. Remittances have also increased recently.

In early 2010, the Moldovan government unveiled a medium-term economic reform plan, dubbed "Rethink Moldova." The plan is aimed at improving the business climate in the country, increasing exports, including agricultural exports, and upgrading the country's infrastructure. International donors, including the International Monetary Fund, the World Bank, the European

Union, and the United States have pledged \$2.6 billion for the period 2010-2013 to implement the plan.

In January 2010, the International Monetary Fund approved a \$574 million loan for Moldova. Under its terms, Moldova will have to cut its budget deficit. It has reduced the deficit from about 9% of GDP in 2009 to 2.5% in 2010, with further cuts planned for 2011 and 2012. The government has cut government administration and increased excise taxes on alcohol and tobacco. Moldova received the second tranche of the loan in March 2011.<sup>3</sup>

## Foreign Policy

Perhaps Moldova's most important foreign policy relationship is with Russia. More than 90% of its energy imports come from Russia, and Russia has been a key market for Moldova's exports. In the past, Moldova has accumulated large debts to Russian energy firms, which has provided Russia with leverage over Moldova. Some analysts charge that Russia has used negotiations over Transnistria to expand its political leverage over the country and to block any Moldovan moves toward Euro-Atlantic integration. The Transnistria issue is complicated by the continued presence of about 1,500 Russian troops in the breakaway region (including the approximately 400-person peacekeeping contingent in the security zone), as well as huge stockpiles of weapons and ammunition. Russia has flatly refused to honor commitments it made at the 1999 OSCE summit in Istanbul to withdraw its forces from Moldova. Russian leaders have also attempted to condition the withdrawal of Russian troops on the resolution of Transnistria's status. Russia has provided financial support to Transnistria, including grants and loans as well as subsidized energy. In return, Russian firms have assumed control over most of Transnistria's key industrial firms.

Some analysts charge that Russia has also used energy supplies and other trade as weapons to pressure Moldova to drop its pro-Western orientation and to turn its energy infrastructure over to Moscow. On January 1, 2006, Gazprom cut off natural gas supplies to Moldova, after Moldova rejected Gazprom's demand for a doubling of the price Moldova pays for natural gas. Gazprom restored supplies on January 17, in exchange for a slightly smaller price increase. Moldova also agreed to give Gazprom, already the majority shareholder, a higher equity stake in Moldovagaz, which controls Moldova's natural gas pipelines and other infrastructure. Gazprom also sought to complete the purchase of Transnistria's stake in Moldovagaz. In 2005, Russia restricted wine and other agricultural imports from Moldova, allegedly over health concerns, dealing a heavy blow to the country's economy. Russia finally permitted Moldovan wine imports again in November 2007, but Moldova's wine exports to Russia were reduced from former levels.

Transnistrian authorities have called for Russia and Ukraine to grant Transnistria diplomatic recognition as an independent state, as Moscow did for Georgia's South Ossetia and Abkhazia regions in 2008. Transnistrian leader Igor Smirnov has called for Transnistria to be incorporated into Russia in the future. Smirnov has noted that over 120,000 people in Transnistria have Russian citizenship. This could serve as a pretext for Russian action, as Russian leaders have asserted the right to intervene militarily in other countries to protect Russian citizens.

On the other hand, observers note that the case of Transnistria is different from that in Georgia in that Moldova is very unlikely to try to retake Transnistria by military force. Moreover, they point

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<sup>3</sup> Economist Intelligence Unit Country Report: Moldova, May 2011.

out that Russia does not have a common border with Transnistria, as it does with Georgia. However, Russia may be pushing for a Transnistria settlement that would give the pro-Russian enclave effective veto power over the country's foreign and domestic policies, which could stymie Moldovan efforts toward European integration, in particular closer relations with NATO. In 2003, Russia offered such a plan, dubbed the Kozak Memorandum after the Russian official who tabled it, in direct talks with Moldovan and Transnistrian leaders. The plan was scuttled after Western diplomats convinced then-President Voronin that it would be disastrous to the country's sovereignty and prospects for European integration.

Despite its former support for the Communists, Russia responded in a measured fashion when the first AEI government was formed in July 2009, and signaled that it could work with the new leadership. However, Moldovan press reports claimed that after the November 2010 parliamentary election, Russia tried to broker a breakup of the AEI and the creation of a coalition between the Communists and the AEI's Democratic Party, a former Communist breakaway faction. The effort failed, however, and the AEI was reconstituted.

## **NATO and the European Union**

As a self-declared neutral country, Moldova does not seek NATO membership, but participates in NATO's Partnership for Peace (PFP) program. The new Moldovan government has not sought to change this policy. The key foreign policy goal of the new government is to accelerate integration with the European Union (EU). Moldova currently has a Partnership and Cooperation Agreement (PCA) with the EU, which provides a framework for the EU's efforts to assist reforms in Moldova and for strengthening ties between the EU and Moldova. Moldova has implemented an Action Plan with the EU since 2005 in the context of the EU's European Neighborhood policy, which details reforms that Moldova intends to make with the EU's help. In January 2010, Moldova and the EU began talks on an Association Agreement to replace the current PCA. While the agreement would not recognize Moldova as a membership candidate, it would enhance EU-Moldova cooperation in many areas. Long-term goals of the agreement include a free trade zone and visa liberalization.

The EU budgeted 209.7 million Euro (\$310 million) in aid to Moldova between 2007 and 2010, a substantial sum for a small country. From 2011 to 2013, Moldova is slated to receive 273.14 million Euro (\$372.9 million) in aid from the EU.<sup>4</sup> The aid is targeted at bolstering Moldova's reform efforts, including fostering good government, the rule of law, and the protection of fundamental freedoms. Other programs help Moldova improve its social protections, and its health care and education systems. EU aid also is allocated to help Moldova diversify its energy mix and improve energy efficiency. The EU has granted Moldova trade preferences that permit it to sell more of its wine and agricultural goods to the EU, enabling it to reduce its dependence on the Russian market. In 2009, the EU was Moldova's largest trading partner, accounting for 46.1% of its trade. Russia accounted for 14.5%.<sup>5</sup>

Since 2005, an EU mission has helped to monitor Moldova's Transnistria border with Ukraine, in an effort to deter smuggling. Many Transnistrian companies have registered in Moldova in order

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<sup>4</sup> European Commission, European Neighbourhood and Partnership Instrument: Republic of Moldova National Indicative Program 2011-2013, at [http://ec.europa.eu/world/enp/pdf/country/2011\\_enp\\_nip\\_moldova\\_en.pdf](http://ec.europa.eu/world/enp/pdf/country/2011_enp_nip_moldova_en.pdf)

<sup>5</sup> European Commission document, at [http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc\\_113419.pdf](http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113419.pdf)

to benefit from EU trade preferences, a move that it is hoped will reinforce Moldova's sovereignty.

Moldova hopes to become a candidate for EU membership, although the EU is unlikely to accept Moldova as a candidate in the foreseeable future, due to Moldova's poverty and the EU's own internal challenges. In March 2009, the EU launched the Eastern Partnership initiative, part of the EU's European Neighborhood program. The partnership is aimed at developing a regional approach to the EU's relations with the countries lying between the EU and Russia, to supplement the bilateral ties that the EU has with these states.

Moldova's ties with Romania are a sensitive issue in both countries. Many Romanians consider Moldovans in fact to be Romanians, and support the eventual unification of the two countries. Although most independent experts consider the "Moldovan language" to be Romanian, the issue is a matter of political controversy in Moldova. After the incorporation of Moldova into the Soviet Union during World War II, Soviet authorities promoted the idea of a separate Moldovan language (using the Cyrillic rather than the Latin script), as a means of countering possible secessionist ideas. Those favoring the term "Moldovan" tend to favor Moldova's independence or close ties with Russia. Many persons favoring the term "Romanian" support union with Romania. In a 1994 referendum, more than 90% of Moldovans rejected unification with Romania. However, it is possible that more inhabitants of this impoverished country may have begun to favor union with Romania since Bucharest became a member of the EU in 2007. Romania's entry into the EU led to hundreds of thousands of Moldovan applications to Romania for dual Romanian-Moldovan citizenship.

The current Moldovan government has moved to improve relations with Romania, which deteriorated sharply under the Communists. It signed an agreement with Romania to liberalize small-scale border traffic, and removed barbed wire obstructions from the border dating from the Soviet period. In February 2010, Romania agreed to provide 100 million Euro in aid to Moldova over the following three years.

## **U.S. Policy**

The United States and Moldova have enjoyed good relations since the country's independence in 1991. The United States has supported democracy and free market reform in Moldova. In the past, U.S. and other Western officials have criticized some aspects of Moldova's democratic development, particularly its uneven record on media freedoms and its weak judiciary. They have also said Moldova needs to make more progress in fighting corruption and establishing an attractive business climate for investors.

The United States reacted cautiously to the outcome of the April 2009 Moldovan election. On April 7, State Department spokesman Robert Wood said that the U.S. view of the election was "generally positive," but said that the United States has not completed its assessment of the vote. He added that the United States urges Moldovans to "desist from any type of violent activity." Similarly, U.S. Ambassador in Moldova Asif Chaudhry urged demonstrators not to engage in violence, and praised the government for its initial restraint as well as its decision to allow a recount and permitting the opposition to see voting lists. However, he expressed concern about government arrests of students and journalists after the violence.

After the July 2009 elections, Ambassador Chaudhry met with Voronin on August 4. Among other topics, the two men discussed a July 30 statement issued by Senate Foreign Relations Committee Chairman Senator John Kerry. The statement said that the fact that Moldovans participated in the election was “inspiring and reassuring,” but that it was “troubling” when political differences turn violent. Senator Kerry called on Moldova’s leaders to find “common ground” and “set aside their personal and political interests” in order to deal with the country’s problems. The statement also said that Moldova could become a bridge between Central and Eastern Europe rather than prey to competing spheres of influence.

Moldovan Prime Minister Vlad Filat visited Washington in January 2010, and met with senior U.S. officials. Filat sought U.S. support for his government’s reform efforts. Filat and Secretary of State Hillary Clinton signed a Millennium Challenge Corporation (MCC) Compact that will provide Moldova with \$262 million over five years. The aid will finance improvements in Moldova’s agricultural sector and road network. Filat asked that the United States grant Moldova permanent Normal Trade Relations (PNTR) by terminating the application of the Jackson-Vanik amendment to Moldova. Such a move would require legislation by Congress.<sup>6</sup> During Filat’s visit, Moldova and the state of North Carolina renewed an agreement that since 1999 has provided a framework for cooperation in such areas as civil emergency, expansion of markets, and cultural, scientific, and academic exchanges.

In a sign of support for the pro-Western government, Vice President Joseph Biden visited Moldova in March 2011. At a speech in Chisinau, the country’s capital, Biden praised Moldova for its commitment to reform and democratic values, including the holding of free and fair elections. He called on Moldova to continue its efforts to create a transparent legal system, to fight corruption, and to end human trafficking. He said that the United States would continue to support a settlement for Transnistria that preserves Moldova's sovereignty and territorial integrity within its internationally recognized borders.

The Vice President said that the United States would continue to assist Moldova’s reform efforts. He highlighted the \$262 million, five-year Millennium Challenge Corporation U.S. aid program to bolster Moldova’s agricultural sector. He said U.S. aid will help the Moldovan government create policies to spur economic growth and attract foreign investment, train civil society to become more effective advocates, and help improve Moldova's schools.

The United States has worked with the European Union to put pressure on the Transnistria leadership to end its obstructionist tactics in negotiations on the region’s future. On February 22, 2003, the United States and the European Union announced a visa ban against 17 top Transnistrian leaders. (In an effort to restore dialogue with Transnistria authorities, in February 2010 the EU suspended the application of their visa ban for six months.) Other Transnistrian officials involved with the harassment of Latin-script schools were added to this list in 2004. The United States refused to ratify the adapted Conventional Forces in Europe (CFE) treaty until several conditions were met, including the withdrawal of Russian troops from Moldova. In November 2007, Russia suspended its observance of the CFE Treaty, attributing the move to the failure of the United States and other countries to ratify the adapted treaty.

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<sup>6</sup> For more on the Jackson-Vanik amendment, see CRS Report RS 22398, *The Jackson-Vanik Amendment and Candidate Countries for WTO Accession: Issues for Congress*, by William Cooper.

The United States has called for continued cooperation on weapons proliferation and trafficking in persons. In May 2003, the United States imposed missile proliferation sanctions on two Moldovan firms for transferring equipment and technology to Iran. The 2010 State Department Trafficking in Persons report is critical of Moldova's record in this area. It notes that Moldova is a major source of women and girls trafficked for commercial sexual exploitation, as well as men and women for forced labor. Moldova is a Tier 2 Watch List country. "Tier 2" denotes a country that "does not fully comply with the minimum standards for the elimination of trafficking," but is "making significant efforts to do so." However, the State Department noted that "[d]espite these efforts, the government again did not demonstrate sufficient efforts to prosecute, convict, or punish any government officials complicit in trafficking." On the other hand, the report praises the establishment of a cabinet-level national committee on trafficking and a "fully funded and staffed the Permanent Secretariat of the National Committee for Preventing Trafficking in Persons." The report also lauds government efforts to "identify and refer victims for assistance and the government continued funding the government and IOM-run trafficking assistance center."

The new Moldovan government expressed support for the U.S. plan to deploy an anti-missile shield in neighboring Romania, saying that it would enhance European security. In contrast, the Transnistria leadership reiterated its willingness to allow Russia to deploy short-range missiles on its territory.

The United States has provided aid to Moldova to help meet political and economic reform objectives. According to the FY2012 Congressional Budget Justification for Foreign Operations, Moldova received \$21.421 million in aid in FY2010. Aid totals for FY2011 are expected to be similar to those for FY2010. The Administration requested \$23.4 million in aid for Moldova for FY2012. This assistance does not include aid from the Millennium Challenge Corporation.

U.S. aid is aimed at helping Moldova fight corruption and transnational crime, including trafficking in persons. U.S. assistance also supports independent media and non-governmental organizations in Moldova, as well as rule of law programs. U.S. economic aid is aimed at improving the business climate in Moldova, and helping the country diversify its exports. The United States donates humanitarian aid in the form of food and medicine to particularly vulnerable parts of Moldova's impoverished population. U.S. security assistance is used to help Moldova participate in Partnership for Peace exercises, and to develop its peacekeeping capacity and interoperability with NATO.

In the 111<sup>th</sup> Congress, the Senate passed S.Res. 56 on April 1, 2009. The resolution called on Moldova to hold free and democratic parliamentary elections on April 5. It notes that a genuinely democratic political system is a precondition for "full integration of Moldova into the Western community of nations." The resolution says that the Senate "in light of the steps taken by the Government of Moldova, pledges the continued support of the United States Government for the establishment in Moldova of a fully free and democratic system, the creation of a prosperous market economy, and the assumption by Moldova of its rightful place as a full and equal member of the Western community of democracies." On January 27, 2009, Senator Lugar introduced S. 334, which terminates the application of Title IV of the Trade Act of 1974 (also known as the Jackson-Vanik amendment) for products of Moldova. If the bill were adopted, Moldova would receive permanent Normal Trade Relations with the United States.

In the 112<sup>th</sup> Congress, Senator Lugar again introduced a bill (S. 309) terminating the application of Jackson-Vanik to Moldova. Representative David Reichert has introduced H.R. 1463, which would also end Jackson-Vanik's application to Moldova.

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