



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 and weapons.

On April 5, 2009, Moldova held parliamentary elections. The Communist Party of the Republic of Moldova (PCRM) won just under 50% of the vote and 60 seats in the 101-seat parliament. The Communist victory sparked protests against alleged electoral fraud. Some demonstrators sacked and looted the parliament building and the offices of the president. Moldovan President Vladimir Voronin denounced the protests as an attempted coup d'état. He claimed that Romania instigated the riots, pointing to the Romanian flags some protestors displayed at the demonstrations. The failure of the PCRM to secure the 61 seats needed to elect a new president triggered new parliamentary elections on July 27, 2009. The PCRM suffered a drop in support, winning only 48 seats, but the opposition parties also fell short of the total needed to elect their own candidate as president. This result could prolong the country's political stalemate yet again, unless the opposition can reach a compromise with some members of the PCRM.

Moldova is Europe's poorest country. Living standards are low for the great majority of Moldovans, particularly in rural areas. Remittances from Moldovans working abroad amounted to 38.3% of the country's Gross Domestic Product in 2008. The global financial crisis has had a negative impact on Moldova. Remittances have dropped, as Moldovan emigrants have lost jobs in other hard-hit countries.

As a self-declared neutral country, Moldova does not seek NATO membership, but participates in NATO's Partnership for Peace (PFP) program. Moldova currently has a Partnership and Cooperation 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. 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. The United States has supported democracy and free market reform in Moldova. The United States reacted cautiously to the outcome of the April 2009 Moldovan election, saying its view of the vote was "generally positive," but noting some problems. After the July 2009 election, a State Department spokesman noted that international observers reached a similar conclusion about the July vote. The United States has tried to support the country's fragile sovereignty and territorial integrity by advocating the withdrawal of Russian forces from Moldova and for negotiating a settlement of the Transnistria issue consistent with Moldova's territorial integrity.

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Political Situation

Although a small country with a population of 3.8 million, 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 and weapons.

The Communist Party of the Republic of Moldova (PCRM) has 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. The main base of the Communists' support has been among elderly people and rural voters. The Communists support closer ties with the European Union, while also having good relations with Russia.

On April 5, 2009, Moldova held parliamentary elections. The PCRM won just under 50% of the vote and 60 seats in the 101-seat parliament. Three other parties managed to surpass the 6% threshold for representation. The Liberal Party of Moldova won 12.78% of the vote and 15 seats. The deputy chairman of the party is Dorin Chirtoaca, who was elected as mayor of the capital Chisinau in 2007 on a populist, anti-Communist, anti-corruption platform. The party strongly favors closer relations with Romania. The Liberal Democratic Party of Moldova won 12.26% of the vote and 15 seats. It has a pro-business, pro-European-integration orientation. The centrist Our Moldova Alliance is led by ideologically flexible former Soviet-era leaders who led Moldova before the PCRM's 2001 victory. It won 9.81% of the vote and 11 seats. Turnout for the election was just under 60%.

The International Election Observers Mission (which included observers representing the Organization for Security and Cooperation in Europe, the Council of Europe, and the European Parliament), said that the election "met many international standards and commitments, but further improvements are required to ensure an electoral process free from undue administrative interference and to increase public confidence." The observers generally praised the conduct of the vote on election day and the ballot count, although some irregularities were reported. They cited concerns such as biased reporting by the state broadcaster, misuse of government resources to assist the PCRM, and frequent allegations of intimidation of voters and candidates, some of which were verified by the observers.¹

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

¹ For a text of the observers preliminary report, see the OSCE website at http://www.osce.org/documents/odihr/2009/04/37142_en.pdf

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. The opposition parties that won seats in the assembly seemed to be caught off guard at first by the protests. Nevertheless, they tried to recover the initiative, charging that the election was fraudulent. They claimed that the government cast fraudulent ballots for dead persons and those living abroad. Exit polling by the respected Moldovan Institute for Public Policy estimated the PCRM would receive about 45% of the vote, close to, but a bit less than, the nearly 50% it did receive.

President Voronin denounced the protests as an attempted coup d'état and vowed to put down any further riots with force, if necessary. On the other hand, he agreed to a recount of the vote. However, opposition leaders rejected participation in the recount, saying it too could be tainted with fraud, and are demanding new parliamentary elections. 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 a candidate of its choosing within a constitutionally mandated 60 days, as it was one vote short of the needed majority and the other parties remained uncompromising in their opposition to the Communists. (Voronin was barred by the Moldovan constitution from serving a third term as President.)

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 Communists suffered a drop in popularity in the election. The PCRM won 44.69% of the vote and 48 seats, 12 fewer than in April. The Liberal Democratic Party received 16.57% of the vote and 18 seats. The Liberal Party won 14.68% of the vote and 15 seats. Our Moldova won 7.35% of the vote and 7 seats. The main beneficiary of the new election was the center-left Democratic Party, which did not win seats in the April vote. It received 12.55% of the vote and 13 seats. The Democratic Party's success may be largely due to Marian Lupu, a former Communist leader and parliament chairman. Lupu took over the leadership of the Democratic Party after a falling-out with Voronin in June 2009.

The International Election Observers Mission's assessment of the July elections was very similar to its judgment on the April vote. The observers said that the July election also "met many international standards" but stressed the need for further democratic reforms to restore public trust. The observers noted problems with "subtle intimidation and media bias," as well as continuing concerns about the accuracy of voter lists.²

² For a text of the observer mission's preliminary report, see http://www.osce.org/documents/odihr/2009/07/39083_en.pdf

The opposition parties agreed to form a majority coalition on August 8. However, given the fact that the opposition fell short of the 61 parliamentary votes needed to elect a new president, the election result may presage further political deadlock, unless the opposition can persuade part of the normally highly disciplined Communist faction to join them. Another option would be for one or more of the opposition parties to decide to come to terms with the PCRM as a whole. Lupu and the Democratic Party could be the most likely to make a deal with the PCRM, particularly if it results in Lupu being elected as president. However, poor relations between Lupu and Voronin may make this option difficult. Indeed, Lupu and the other opposition parties have demanded that Voronin quit politics as part of any deal.

It is unclear who would take the post of acting president if no president is chosen when the new parliament convenes. It could be Voronin or the person chosen by the new majority as the new parliamentary chairman. The Communist-dominated Constitutional Court may have to decide the issue. According to Moldova's constitution, a new parliamentary election cannot be held until early 2010.

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 have 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, above all, maneuvering for power and wealth among elite groups. Ethnic Russians and Ukrainians together make up 51% of Transnistria's population of about 650,000, while Moldovans are the single largest ethnic group, at 40%.

Figure 1. Transnistria and Gagauz Regions



Many analysts are convinced that a key 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 2008 State Department human rights report sharply criticized the poor human rights record of the "Dniestr Republic," noting its record

of rigged elections, 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.³ 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. In 2006, Moldova offered a "package" of proposals, in which Transnistria would have broad autonomy, but would remain part of Moldova. Moldova would reaffirm its neutral status and all foreign (i.e. Russian) troops would be withdrawn. Russian property rights in Transnistria would be recognized. Nevertheless, Transnistrian and Russian leaders, apparently satisfied with the present state of affairs, have blocked any agreement. In September 2006, Transnistria held a referendum on independence and union with Russia, which passed with 97% of the vote.

Since March 2006, the peace process in Transnistria had been stalled until a series of bilateral meetings between President Voronin and the "President" of Transnistria, Igor Smirnov, in 2008. In December, they discussed restarting talks on Transnistria's status, as well as implementing confidence-building measures and ensuring the free flow of goods and persons. However, the talks made little progress, with Smirnov calling on Moldova to recognize Transnistria's independence and refusing to restart the "5+2" talks.

On March 18, 2009, Voronin, perhaps hoping to secure political advantage before Moldova's April parliamentary elections, met with Smirnov and Russian President Dimitri Medvedev in Moscow. The three men issued a declaration that called for a resumption of direct talks between Transnistria and the Moldovan government under Moscow's aegis. They expressed support for incorporating the Russian military contingent in Moldova into a peacekeeping force under the supervision of the OSCE. Critics charged that the statement undermined Moldova's previous demand for Russia to withdraw its forces from Transnistria and appeared to put Transnistria's leaders and the Moldovan government on equal footing, also in contradiction to Chisinau's past policy. However, Voronin pulled out of the subsequent direct talks scheduled for March 25, after Transnistria issued a travel ban against U.S. and EU diplomats attempting to visit the region. Progress in talks on Transnistria, if it occurs, will likely have to await the resolution of Moldova's current political stalemate.

Economy

According to the World Bank, Moldova's per capita Gross National Income of \$1,140 in 2007 makes it the poorest country in Europe. Living standards are poor for the great majority of Moldovans, particularly in rural areas. In 2008, the average monthly wage was \$270. More than a quarter of Moldova's economically active population work abroad. Remittances from those working abroad amounted to 38.3% of the country's Gross Domestic Product in 2008, according to the World Bank. Moldova's main natural resource is its rich soil. Agriculture, especially fruit, wine and tobacco, plays a vital role in Moldova's economy. Most of Moldova's industry is located in Transnistria.

³ 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.

Moldova has had mixed success in economic reform. It has succeeded in achieving a measure of macroeconomic stability, including the stabilization of Moldova's national currency, the leu. However, Moldova's small economy is highly vulnerable to external shocks. Moldova has privatized its small- and medium-sized business sector, and it has had success in privatizing agricultural land. The sale of large firms has stalled under Communist rule and foreign direct investment (FDI) in Moldova is very low. Cumulative FDI was \$1.8 billion at the end of 2007, or \$540 per capita. In comparison, neighboring Romania's FDI per capita was \$2,829. Key problems include poor governance, a weak judiciary, and corruption.

The global financial crisis has had a negative impact on Moldova. The leu has weakened and remains under pressure. Remittances have dropped, as Moldovan emigrants have lost jobs in other hard-hit countries. Moldova's GDP dropped by 6.9% in the first quarter of 2009, on a year-on-year basis. The Economist Intelligence Unit forecasts that Moldova's GDP will drop 10% in 2009, after growing more than 7% in 2008. Moldova could seek additional loans from the IMF after the election. However, the IMF will likely require Moldova to undertake sharp budget cuts to bridge a budget deficit that the IMF estimates could reach 11% of GDP this year.⁴ Moldova has also sought loans from Russia and China.

Foreign Policy

Perhaps Moldova's most important foreign policy relationship is with Russia. Most of Moldova's exports go to Russia, and more than 90% of its energy imports come from Russia. 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 industry.⁵

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 is also seeking to complete the purchase of Transnistria's stake in Moldovagaz. Some analysts charge that Russia is using 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. In 2005, Russia restricted wine and other agricultural imports from Moldova, allegedly over health concerns, dealing a very

⁴ Economist Intelligence Unit Country Report: Moldova, July 2009; EIU Country Profile: Moldova 2008.

⁵ "Moldova's Uncertain Future," International Crisis Group, August 17, 2006, from the ICG website <http://www.crisisweb.org>.

heavy blow to the country's economy. Russia finally permitted Moldovan wine imports again in November 2007, but Moldova's wine exports to Russia remain reduced from former levels.

The Russian-Georgian conflict of August 2008 may have an impact on Moldova. Transnistrian authorities may become even more intransigent in talks over a settlement. They could press Russia to grant them diplomatic recognition as independent states, as Moscow has done for Georgia's South Ossetia and Abkhazia regions, possibly as a prelude to incorporating Transnistria into Russia. Indeed, Transnistrian leader Igor Smirnov has called for Transnistria to be incorporated into Russia. 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 out that Russia does not have a common border with Transnistria, as it does with Georgia.

Russia could push 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 any Moldovan efforts toward European integration. However, even without recognizing Transnistria's independence or exerting heavier pressure for a settlement favorable to Transnistria, Russia may still succeed in dissuading Moldova from pursuing a pro-Western course. Even before the Georgia war, Russia successfully pressed Moldova to reduce its role in the GUAM regional group (named after the initial letters of the names of its members—Georgia, Ukraine, Azerbaijan and Moldova), which aims to coordinate the policies of these countries in many areas, including energy. Russia has seen GUAM as a U.S.-inspired, anti-Russian project in what it views as its sphere of influence. In May 2008, Moldova approved a national security strategy that reaffirmed the country's long-standing neutrality, winning praise from Russian officials.

Russia congratulated the Moldovan Communists for their April 2009 election victory and echoed their criticisms of alleged Romanian meddling in Moldova's internal affairs. Voronin visited Moscow before both the April and July parliamentary elections. In a possible effort to influence the July vote, Russian Prime Minister Vladimir Putin raised the possibility that Russia could provide Moldova with a \$500 million loan.

As a self-declared neutral country, Moldova does not seek NATO membership, but participates in NATO's Partnership for Peace (PFP) program. Moldova currently has a Partnership and Cooperation 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. Moldova signed an Action Plan with the EU in 2005 in the context of the EU's European Neighborhood policy. The EU plans to provide 209.7 million Euro (\$310 million) in aid to Moldova between 2007 and 2010, a substantial sum for a small country. The EU has granted Moldova trade preferences that permits it to sell more of its wine and agricultural goods to the EU, enabling it to reduce its dependence on the Russian market.

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 to benefit from EU trade preferences, a move that could counter pro-independence forces in Transnistria.

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, rather than the bilateral ties that the EU has at present with these states. The program could lead to greater aid and advice from the EU to Moldova. Long-term goals of the Partnership include a free trade zone and visa liberalization.

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 begin to favor union with Romania now that Bucharest is a member of the EU. Romania's entry into the EU led to hundreds of thousands of Moldovan applications to Romania for dual Romanian-Moldovan citizenship.

The riots in the wake of the April 2009 Moldovan parliamentary elections sharply increased tensions between the Moldovan government and Romania. President Voronin claimed that Romania instigated the riots, pointing to the Romanian flags some protestors displayed at the demonstrations. Moldova expelled Romania's ambassador from Chisinau, instituted a visa regime for Romanians visiting Moldova, and closed several border crossings with Romania.

The EU took a low profile in the controversy over the April 2009 Moldovan election. The Czech EU Presidency called on all sides to engage in peaceful dialogue, and to respect the rule of law, freedom of expression, and media freedoms. The EU pressed Moldova to lift its visa regime against EU member state Romania, without success. After the July elections, EU foreign policy chief Javier Solana said that the election met many international standards, albeit with some shortcomings. He called on Moldovan leaders to move in a "spirit of reconciliation" and in a "speedy and inclusive manner" to elect a new president and government in order to tackle the country's serious problems. EU officials said that talks could begin on a new partnership agreement with Moldova this fall, but only after the country formed a new government and lifted visa restrictions against Romania.

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. U.S. and other Western officials continue to be critical of 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 Sen. 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.

The United States has tried to support the country’s fragile sovereignty and territorial integrity by advocating the withdrawal of Russian forces from Moldova and for negotiating a settlement of the Transnistria issue consistent with Moldova’s territorial integrity. 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. Other Transnistrian officials involved with the harassment of Latin-script schools were added to this list in 2004. The United States has refused to ratify the adapted Conventional Forces in Europe (CFE) treaty until several conditions are 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.

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. Transnistria has been a center for the trafficking of small arms to world trouble spots. The 2009 State Department Trafficking in Persons report is critical of Moldova’s record in this area. It noted that Moldova is a major source of women and girls trafficked for commercial sexual exploitation. It is a Tier 2 Watch List country. The report acknowledged some progress over the previous year, when Moldova was listed as Tier 3, meaning that it did not “fully comply with the minimum standards for the elimination of trafficking and is not making significant efforts to do so.” However, the report says the government needs to make more progress in rooting out trafficking-related government corruption.

The United States has provided aid to Moldova to help meet political and economic reform objectives. According to the FY2010 Congressional Budget Justification for Foreign Operations, in FY2008 the United States provided \$19.796 million in aid for Moldova in FY2008. Moldova is slated to receive an estimated \$15.55 million in FY2009. The Obama Administration requested \$22.55 million for aid to Moldova in FY2010. U.S. aid is aimed at supporting independent media and non-governmental organizations in Moldova, as well as fostering cultural and civic exchanges. U.S. economic aid is 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. The United States

provides funding to help Moldova strengthen its border and fight trafficking in persons. In addition to the aid totals listed above, Moldova is in the second year of a \$24.7 million program under the Millennium Challenge Corporation to fight corruption, strengthen the judiciary, and achieve other reform objectives.

The 109th Congress approved legislation concerning Moldova. In February 2005, the Senate passed S.Res. 60, which expressed support for democracy in Moldova and called for the authorities to hold free and fair elections in March 2005. In March 2005, the Senate passed S.Res. 69, which called on Russia to honor its commitments to withdraw its troops from Moldova. S.Res. 530, passed in July 2006, called on President Bush during the Moscow G-8 summit to discuss frankly with President Putin a series of policies deemed to be inconsistent with G-8 objectives, including the January 2006 energy cut-off to Moldova.

The 110th Congress has also passed legislation concerning Moldova. S.Res. 278, passed on July 31, 2007, strongly urged Russia to reconsider its suspension of CFE implementation, and called on Moscow to “move speedily” to withdraw its troops and military equipment from Moldova. A House companion resolution, S.Res. 603, was introduced on August 1, 2007. H.Res. 457, introduced on June 5, 2007, calls on Russia to withdraw its forces and armaments from Moldova. It says the current Russian-Moldovan peacekeeping force in the security zone should be replaced by a multinational one under an OSCE mandate.

In the 111th 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.”

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