



Moldova: An Overview

Moldova is one of three post-Soviet states—together with Ukraine and Georgia—that seeks greater integration with the West in the face of Russian resistance and territorial occupation. Many Members of Congress have long supported Moldova’s democratic trajectory and territorial integrity and have called on Russia to withdraw its military forces from Moldova’s breakaway region of Transnistria. In June 2022, the European Union (EU) officially granted Moldova (and Ukraine) EU candidate status (although the accession process is lengthy and does not guarantee membership).

Russia’s 2022 war against Ukraine has created new security, economic, and social concerns for Moldova. Moldovan officials and many observers have expressed concern that Russia could seek to attack and occupy all of Moldova if Russian armed forces were to seize control of nearby areas of southern Ukraine, including the port city of Odesa. With a resident population of under 3 million, Moldova hosts more than 80,000 refugees from Ukraine as of August 2022; more than half a million people have entered Moldova from Ukraine since the start of the war.

Political Background

Moldova’s political environment has been contentious for years. However, the consecutive 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 led to renewed efforts to reinvigorate Moldova’s governance reforms and boost its European integration efforts. PAS’s victory, and the formation of a new single-party government under Prime Minister Natalia Gavrilita, ended years of rule by unstable parliamentary coalitions that often included allegedly corrupt political forces.

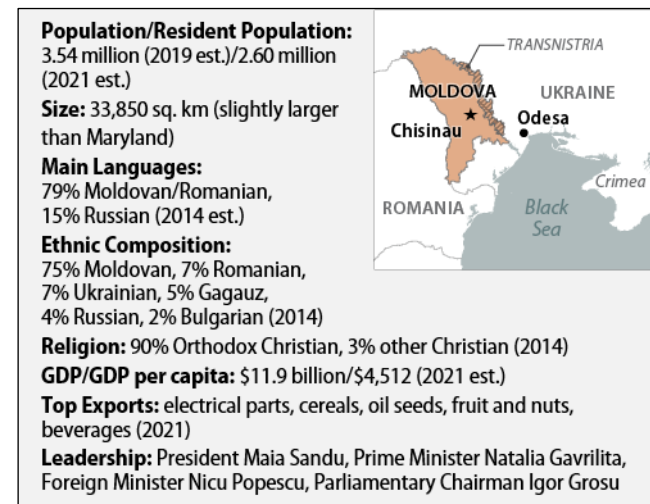
In November 2020, Sandu was directly elected as Moldova’s president. Sandu defeated incumbent President Igor Dodon, 58% to 42%, in a second-round vote. Dodon was the de facto leader of the Russian-leaning, socially conservative Party of Socialists, the former ruling party. Moldova’s presidency has relatively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

Snap parliamentary elections were held in July 2021. Sandu’s PAS won the elections with 53% of the vote and 63 of 101 seats. A Socialist-led bloc placed second 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, Ilan Shor, who fled the country in 2019 while appealing a seven-year prison sentence for his alleged role in a \$1 billion bank fraud scandal from 2014 that continues to be under investigation.

The PAS government expressed an intent to pursue ambitious reforms in judicial, anticorruption, business, local development, and educational spheres. One prominent early action was the suspension from office and arrest of Moldova’s prosecutor general, who was charged with a series of corruption-related offenses in October 2021. On March 6, 2022, President Sandu said Moldova’s need to address social and economic issues resulting from Russia’s war against Ukraine had put “our [reform] plans on hold.”

Subsequently, polls suggest that inflation and other economic pressures related to Russia’s war against Ukraine may be weakening support for Sandu and the ruling PAS. The Socialist Party retains its support base, even as authorities placed former President Dodon under house arrest in May 2022 while he is being investigated on charges related to corruption and treason.

Figure 1. Moldova at a Glance



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

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 extending special governance status to Transnistria to resolve the dispute. Russian authorities and authorities in Transnistria have resisted this proposal, however, keeping the territorial dispute frozen for more than three decades.

Russia stations about 1,500 soldiers in Transnistria, a few hundred of which Moldova formally 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.”

Despite its separatist tendencies, Transnistria has strong economic links to the rest of Moldova and the EU, the destination for more than half of its exports. Many residents have Moldovan citizenship and may vote in Moldovan elections at polling stations outside Transnistria.

Immediately prior to and since Russia’s 2022 invasion of Ukraine, many observers speculated whether Russia would seek to establish a greater military presence in Transnistria or use its forces there to engage in military operations against Ukraine. Local authorities in Transnistria appear to be avoiding overtly supporting Moscow’s invasion of Ukraine and have taken in Ukrainian refugees (Transnistria is home to many ethnic Ukrainians). At the same time, Transnistrian authorities have not condemned Russia’s aggression and have expressed opposition to Moldova’s EU candidate status.

A conflict resolution process for Transnistria formally 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 sides have addressed several issues related to transit, education, agriculture, and the recording of civil statistics. The COVID-19 pandemic slowed the dialogue in 2020; the process began to renew again before halting once more after Russia’s 2022 invasion of Ukraine.

The EU also has supported conflict management through an EU Border Assistance Mission, which has sought to help Moldova and Ukraine combat transborder crime, facilitate trade, and resolve the conflict.

Foreign Policy

Moldova generally has pursued a pro-European foreign policy, although the former ruling Party of Socialists and many Moldovans have supported a closer relationship with Russia. Moldova has a free-trade agreement with the EU, and the EU provides Moldovans visa-free entry to most member states. As a whole, the EU and the UK accounted for almost two-thirds of Moldova’s exports and half of its total trade in 2021. Moldova officially applied to join the EU after Russia launched its 2022 invasion of Ukraine and was granted candidate status in June 2022.

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; many have dual citizenship.

Looming over Moldova’s development, and of interest to many in Congress, is the question of Russia’s influence and intentions. Some observers allege that Russian officials have provided illicit support to the Socialist Party and ex-President Dodon. Overt Russian interference in Moldova’s 2020 and 2021 elections was not evident, however, and turnout among Moldovan voters in Russia and Transnistria was relatively low. Some observers concluded the Russian

government had “abandoned” Dodon and the Party of Socialists. Subsequently, Russia’s 2022 invasion of Ukraine has led many to fear that Russia also has aggressive intentions toward Moldova.

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 gross domestic product (GDP) growth averaged about 4.3% from 2016 to 2019. GDP growth declined by 7% in 2020 due to the impact of the COVID-19 pandemic but recovered in 2021 by an estimated 14%.

Russia’s war in Ukraine threatens to have a negative impact on Moldova’s economy, especially given Moldova’s economic ties to Ukraine and an influx of refugees. Moldova depends on Russia for natural gas imports, which Russia has sought to use as leverage over Moldova.

An estimated one million or more Moldovan citizens live abroad. In recent years, labor remittances have been estimated at more than 15% of GDP.

U.S. Relations

The United States supports Moldova’s sovereignty and territorial integrity within its internationally recognized borders. The United States also supports OSCE-led negotiations over Transnistria.

In April 2022, the United States and Moldova formally relaunched a bilateral Strategic Dialogue (which first convened in 2014). In the 117th Congress, H.Res. 833 reaffirmed support for strong U.S.-Moldova relations and Moldova’s democracy, sovereignty, and territorial integrity. S.Res. 638 expressed support for Moldova and commended Moldova for its support of Ukrainian refugees.

Moldova is the third highest recipient of U.S. foreign aid in the Europe and Eurasia region. U.S. bilateral assistance to Moldova was about \$55 million a year from FY2019 to FY2021. Since Russia’s 2022 invasion of Ukraine, the Administration has provided more than \$200 million in aid, including \$75 million to support Moldova’s efforts to assist refugees from Ukraine. The State Department’s FY2023 budget justification states that U.S. assistance intends to “help its pro-reform government maintain stability and increase medium-term growth and development and strengthen Moldova’s democracy and resiliency, as it hosts refugee populations and addresses disruptions to trade and supply chains.”

The United States has taken action against the leader of a former Moldovan ruling party, Vladimir Plahotniuc (whose Democratic Party of Moldova governed from 2016 to 2019). Plahotniuc fled Moldova in 2019 and has been indicted for financial crimes. In January 2020, the United States imposed a visa ban on Plahotniuc (and his family) for corruption.

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