



## 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.

Moldova’s president and ruling party were elected on pro-European platforms in 2020 and 2021. Their reform-oriented agenda was buoyed by a European Union (EU) decision in June 2022 to name Moldova a candidate for EU membership (together with Ukraine). The United States and the EU have supported Moldova’s efforts to implement EU-related reforms while taking steps to curtail Russian influence and address the security, economic, and political impacts of Russia’s ongoing war against Ukraine.

### Political and Economic Background

Moldova’s political environment has been contentious since 2009, when Western-oriented parties first unseated a Communist Party-led government. In July 2021, Moldovan President Maia Sandu’s reform-oriented Party of Action and Solidarity (PAS) won snap parliamentary elections. PAS’s victory marked the first time in 20 years that a party received an absolute majority of votes in a parliamentary election. The party’s victory, and the formation of a single-party government, ended years of rule by unstable coalitions that often included allegedly corrupt political forces. Prime Minister Dorin Recean has led the government since February 2023.

President Sandu herself was directly elected in November 2020, defeating incumbent Igor Dodon, 58% to 42%, in a second-round vote. At the time, Dodon was the de facto head of the Russian-leaning, socially conservative Party of Socialists, the former ruling party. The presidency holds symbolic importance but has relatively limited formal powers under Moldova’s parliamentary system.

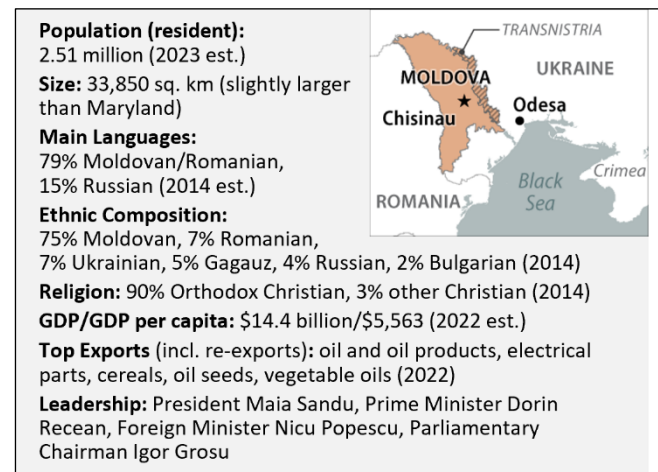
In the July 2021 snap parliamentary elections, PAS won 53% of the vote and 63 of 101 seats. A Socialist-led bloc won 27% of the vote and 32 seats. The third party to enter parliament, the populist, Russia-leaning Shor Party (banned in 2023, see below), was led by political and business figure Ilan Shor, who fled the country in 2019 while appealing a seven-year sentence for his role in a \$1 billion bank fraud scandal from 2014; in April 2023, an appeals court sentenced Shor in absentia to 15 years in prison and ordered the confiscation of nearly \$300 million in assets.

The PAS government pledged to strengthen the rule of law. One early action was the indictment of Moldova’s former prosecutor general on corruption-related charges. In May 2022, authorities placed former President Dodon under

house arrest for six months; Dodon is under investigation on charges related to corruption and treason. Moldovan officials have noted that addressing challenges arising from Russia’s war against Ukraine slowed reform efforts. Inflation, high energy costs, and other economic pressures also have weakened support for Sandu and the ruling PAS. Moldova is scheduled to hold local elections in November 2023 and presidential elections in late 2024.

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 declined by 8% in 2020 due to the impact of the COVID-19 pandemic but rebounded in 2021 with 14% growth. GDP declined by 6% in 2022, due in part to the economic impact of Russia’s war against Ukraine. An estimated 1 million or more Moldovan citizens live abroad; in recent years, labor remittances have been estimated at more than 15% of GDP.

Figure 1. Moldova at a Glance



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

### Impact of Russia’s War on Ukraine

Russia’s war against Ukraine has created new challenges for Moldova. Government officials have expressed concern that Russia could seek to attack and occupy Moldova if Russian armed forces were to seize control of nearby areas of southern Ukraine. With a resident population of under 3 million, Moldova hosts more than 115,000 refugees from Ukraine; many more have transited Moldova. Moldova also has faced worsened energy security and cost crises and has had among the highest inflation rates in Europe.

Since 2022, Russian-leaning political parties and individuals in Moldova have come under greater scrutiny as part of broader efforts to curtail Russian influence in Moldova (also see “U.S. Relations” below). Ilan Shor and

other Russia-connected actors allegedly have sought to foment unrest in Moldova, including by tapping into discontent over economic conditions and organizing anti-government protests. In June 2023, the Constitutional Court of Moldova dissolved the Shor Party in response to a government request to review the party's compliance with Moldova's laws and constitution (its former members are permitted to serve in parliament as independent deputies).

### 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 have supported extending special governance status to Transnistria to resolve the dispute. Russia and Transnistria have resisted such an arrangement, keeping the conflict frozen for over three decades. Transnistria heavily depends on subsidized flows of natural gas from Russia.

Russia stations about 1,500 troops in Transnistria, most of whom are reportedly local residents; Moldova formally accepts a few hundred of these personnel as peacekeepers. In 2018, the U.N. General Assembly passed a resolution calling on Russia to withdraw its troops from Moldova "unconditionally and without further delay."

Local authorities in Transnistria appeared to avoid overtly supporting Russia's 2022 invasion of Ukraine and also took in refugees (Transnistria is home to many ethnic Ukrainians). Despite Transnistria's separatist tendencies and local authorities' stated opposition to Moldova's EU candidate status, the region has strong economic links to the rest of Moldova and the EU, the destination for almost two-thirds of its exports in 2022.

A conflict resolution process 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. Moldova has worked with Transnistrian authorities to address issues related to transit, education, agriculture, and civil statistics. The COVID-19 pandemic slowed the dialogue in 2020; the process again halted after Russia's 2022 invasion of Ukraine.

The EU also supports conflict management through an EU Border Assistance Mission, which has sought to help Moldova and Ukraine combat transborder crime and facilitate trade. Since 2022, the Mission has contributed to refugee crisis management and assisted the EU's efforts to establish alternative land routes for Ukrainian exports.

### Foreign Policy and EU Membership Bid

Moldova generally has pursued a pro-European foreign policy. Some political parties and many Moldovans have supported a closer relationship with Russia, although Russia's war against Ukraine may have weakened such support. Moldova has a free-trade agreement with the EU, which accounted for almost 60% of Moldova's exports in 2022 and half of its total trade. The EU provides Moldova with substantial aid, and Moldovan citizens enjoy visa-free entry to most member states.

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.

Moldova was granted EU candidate status in June 2022. The EU identified nine conditions for Moldova's advancement in the accession process and stated in June 2023 that Moldova had met three of them. The next step, opening accession negotiations with Moldova, would need approval from all 27 EU member states. The process of joining the EU can take many years, and EU membership may not be guaranteed.

Looming over Moldova's development, and of interest to many in Congress, is the question of Russia's influence and destabilization efforts. Moldovan and U.S. officials have accused Russia of providing illicit support first to the Socialist Party and ex-President Dodon, including in efforts to influence the 2020 and 2021 elections, and subsequently to the now-banned Shor Party "as a basis to foment a manufactured insurrection." Since 2022, Moldova has reduced its dependence on Russian gas imports, which Russia has used in the past as leverage over Moldova.

### U.S. Relations

The United States supports Moldova's sovereignty and territorial integrity within its internationally recognized borders. In 2022, the United States and Moldova formally relaunched a bilateral Strategic Dialogue. In 2022, during the 117<sup>th</sup> Congress, H.Res. 833 and S.Res. 638 expressed support for Moldova and for strong U.S.-Moldova relations. In the 118<sup>th</sup> Congress, H.R. 5174 would provide for increased defense cooperation with Moldova.

U.S. bilateral assistance to Moldova was about \$55 million a year from FY2019 to FY2021 and more than \$285 million in FY2022 (including humanitarian and other supplemental Ukraine-related assistance). FY2023 assistance includes at least \$300 million, mainly to strengthen Moldova's energy security. The Biden Administration's FY2024 budget request includes about \$62 million in assistance.

The United States has taken action against some Moldovan politicians for alleged corruption and subversion of democracy. In October 2022, the U.S. Department of the Treasury imposed sanctions on Shor, the Shor Party, and other individuals for "acting as instruments" of Russia's efforts to destabilize Moldova and "return [it] to Russia's sphere of influence." In June 2023, Treasury imposed new sanctions on alleged members of a "Russian intelligence-linked malign influence group" for their role in Russia's destabilization efforts. The Treasury Department also has imposed sanctions on Vladimir Plahotniuc, former leader of the Democratic Party of Moldova, which governed Moldova from 2016 to 2019. Plahotniuc fled Moldova in 2019 and has been indicted for financial crimes.

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