

## The EU's Eastern Partnership and Moldova

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*In 2009, a new European policy was born within the framework of the European Neighbourhood Policy (ENP). The Eastern Partnership was intended to complement the Southern dimension of the ENP and provide tangible results in the political, legal and economic approximation of the six involved Eastern European countries and the European Union.*

*This study aims to examine the achievements and the failures of the last two years of the Partnership with a special focus on one of its partner countries, the Republic of Moldova.*

### The launch of the Partnership

On 7 May 2009, under the auspices of the Czech Presidency, the European Union launched its new policy, the Eastern Partnership (EaP), as the Eastern dimension of the European Neighbourhood Policy (ENP).<sup>1</sup> The Partnership was officially set up by a Joint Declaration signed by all EU Member States and the six involved Eastern European countries (namely Armenia, Azerbaijan, Belarus, Georgia, Moldova, and Ukraine). According to the Joint Declaration establishing the Partnership, the main goal of the new policy is to strengthen the political and economic ties between the EU and Eastern Europe in order to support political and socio-economic reforms, as well as stability and democratic development in the region.<sup>2</sup>

However, due to the 'enlargement fatigue' and the diverging interests of the Member States, the initiative was careful enough not to offer any kind of membership perspective for the involved countries. Furthermore, before its adoption, the initiative had been torpedoed by Mediterranean countries, especially France, Italy, Greece and Spain, which were alarmed by the shifting focus of the ENP from the South, where the French-brokered Union for the Mediterranean had just started to operate, to the East. Also, Russia's concern on the EU's intervention in its special 'sphere of influence'<sup>3</sup> troubled several EU members, including Germany, which feared that its lucrative business activity with Moscow could be endangered by a freeze in Russia-EU relations. Finally, a few countries in the Balkan (e.g. Greece and Romania) were concerned that the Black Sea Economic Cooperation and the Black Sea Synergy could be

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overshadowed by the new initiative. As a conclusion, the EU was far from being enthusiastically united behind the idea of a new policy dealing with the approximation of Eastern Europe to the EU, but finally the Poland and Sweden initiated Partnership was adopted in Prague.<sup>4</sup>

### **How the Eastern Partnership assists the democratic development in Eastern Europe?**

The Partnership is divided into a bilateral- and a multilateral track. The bilateral engagement focuses on:

- New contractual relations between the Eastern European countries and the EU in order to supersede the current Partnership and Cooperation Agreements (PCA), and introduce new Association Agreements (AA).
- As the most important precondition of signing Association Agreements, establishing a Deep and Comprehensive Free Trade Area (DCFTA), not just between the EU and the involved states, but among the partner countries, which could finally lead to a Neighborhood Economic Community.
- A new Comprehensive Institution-Building Programme (CIB), which improves administrative capacity in the involved states.
- Negotiating Mobility and Security pacts, developing integrated border management structures, fighting illegal migration, organized crime, etc. Furthermore launching visa facilitation processes, which could possibly lead to visa liberalization for the partner countries.
- Strengthening energy security in order to secure long-term stable energy supply and transit.
- Supporting economic and social development through regional policy and cross-border cooperation.

Perhaps the most important novelty of the Eastern Partnership is the multilateral cooperation, which includes:

- Bi-annual meetings of Heads of States; following the Prague summit in May 2009, the following one was held in Warsaw in 2011.
- Annual spring meetings of Ministers of Foreign Affairs.
- Establishment of four thematic platforms, namely: Democracy, good governance and stability; Economic integration and convergence with EU policies; Energy Security; Contacts between people.

- Selected flagship initiatives, providing visibility and focus to the multilateral cooperation (such as a Small and Medium-size Enterprise Facility, Integrated Border Management Program, Energy Efficiency and Renewable Sources, etc.).<sup>5</sup>

Naturally, every ambitious project is worth just as much as the financial background securing its implementation. From a financial point of view, the EU modestly contributes to the implementation of the Eastern Partnership. Concerning the size of the region, the € 600 million additional fund provided by the European Commission for a four years period (2010-2013) is definitively unsatisfactory. From a financial point of view, the EU provides a rather modest contribution to the implementation of the Eastern Partnership. Concerning the mere size of the region, which includes six countries where the fund is distributed, the € 600 million fund provided by the European Commission for a four years period (2010–2013) is definitively not satisfactory. The situation is even worse if we consider the fact that only € 350 million is fresh fund from the € 600 million, the rest had already been earmarked within the framework of the European Neighbourhood and Partnership Instrument (ENPI).<sup>6</sup>

Generally, ENPI provides approximately € 4 billion to the Eastern European countries between 2007 and 2013 through several envelopes such as bilateral assistance programmes, regional assistance programmes, inter-regional assistance programmes and cross-border cooperation programmes. Furthermore, the Neighbourhood Investment Facility (NIF) has allocated € 700 million to both Southern and Eastern ENP countries for the period 2007-2013.

Concerning the next financial period between 2014 and 2020, the Commission has proposed a 40% increase in the budget of the European Neighbourhood Policy.<sup>7</sup> If adopted, the new fund distributing body – the European Neighbourhood Instrument (ENI) – would dispose of € 16.1 billion, instead of the current € 11.4 billion used by the ENPI in the financial period 2007–2013. Of course, this sum includes the European Commission's expenditure in the Southern neighbourhood and it is not clear yet how the sum will be divided between the Mediterranean and Eastern Europe.

However, due to the global financial crisis and the crisis of the euro area, it is doubtful whether the EU will be able to increase the financial contribution of the ENP and the Eastern Partnership in the foreseeable future. Without increased funding, the Partnership will definitely not reach its potential, and will play a less visible role than it would be desirable.

### **Historical heritage as a stumbling block in Moldova's European integration**

The Republic of Moldova has been undeservedly neglected by the European Union during the last decades, partly due to its complicated and burdensome historical heritage. The country has hardly had an independent period in modern history, it was either a part of Russia, later the Soviet Union, or Romania. The assertive 'Russification' by the Soviet state and the Moscow backed immigration of ethnic Russians to Moldova during the cold war, resulted in the secession of mainly Russian inhabited Transnistria after the dissolution of the Soviet Union (see next chapter), thus causing one of the most serious security problems in the post-Soviet region up to the time being.<sup>8</sup> Besides the Transnistrian conflict, the gagauz – a Turkish-speaking minority – independence movement caused political turbulence, albeit the gagauz question was peacefully resolved in the middle of the 1990s, mainly thanks to the Turkish mediation.<sup>9</sup>

Russia has historically been playing a crucial role in Moldova's politics, including its relations with the EU, due to several reasons besides its leverage on the Transnistrian conflict. First, the Russian minority living within the borders of Moldova provides an excellence pretext for Moscow to interfere into the country's politics. Furthermore, the mainly state controlled Russian mass media strongly influences the Russian speaking Slavic minority. Second, Russia is one of Moldova's biggest economic partner, and the most important consumer of the Republic's agricultural products. Third, the country is completely dependent on Russian energy. Almost 100% of Moldova's gas consumption is supplied by Russia, which is ready to use its leverage in the energy sector in order to reach its political and economic goals, as the 2006 and 2009 gas cut off signalled.<sup>10</sup>

Since Moscow has never welcomed any Euro-Atlantic integration process in its 'near abroad', it is obvious that the Kremlin will use a combination of the abovementioned levers in order to block, or at least trouble, Chisinau's European integration, including its participation in the Eastern Partnership. Furthermore, the simple fact that numerous EU Member States would like to cultivate cordial economic and political ties with Moscow could backtrack any approximation between Eastern Europe, including Moldova, and the European Union.

### **Unresolved conflict in Transnistria**

Since 2 September 1990, when an independent Pridnestrovan Moldavian Soviet Socialist Republic was declared in Tiraspol, the Transnistrian conflict has played a significant role in Moldova's internal and external politics. Moscow, the most important external actor in the conflict, deploys troops in the breakaway region and backs

financially and politically the secessionist Republic. As the failures of the previous reconciliation processes (e.g. the failure of the Kozak Memorandum)<sup>i</sup> have signalled, it is simply not in Russia's interest to facilitate a credible conflict resolution due to the enormous political leverage it provides to Moscow on Chisinau and the wider region.

For its part, the European Union has so far played a less visible role in the conflict resolution. It participates in the so-called 5+2 negotiation format, which includes Moldova, Transnistria, Russia, Ukraine and the Organization for Security and Co-operation in Europe as mediators, as well as the U.S. and the EU as observers. Also, between 15 February 2007 and 28 February 2011 an EU Special Representative for Moldova (EUSR) was appointed in order to increase the EU's visibility in the country and contribute the conflict resolution. Furthermore, a border and custom advisor mission, the EU Border Assistance Mission to Moldova and Ukraine (EUBAM), has been operating on the Moldovan-Ukrainian border since 2005.<sup>ii</sup> The Mission has successfully contributed the stability of the region through building confidence between the parties, and it is probably one of the most efficient EU engagement in Moldova.

Although the Eastern Partnership is not intended to deal with the Transnistrian unresolved conflict, it is hardly imaginable that the Partnership is able to entirely reach its political aim without solving the frozen conflict. Unless it is solved, the Transnistrian question will continue to negatively influence Moldova's political and economic development, including its relations with the EU.

### **Current political situation**

After eight years of communist power in 2009, the desperate Moldovan voters decided to relieve the incumbent president, Vladimir Voronin and elect a coalition government instead of the ruling Communist Party. Following the repeated 2009 July general elections – the April elections did not prove to be decisive – the Liberal Party, the Democratic Party and the Liberal Democrat Party formed a so-called Alliance for European Integration.<sup>11</sup> The new coalition has defined the European integration as the absolute foreign policy priority of the country. In 2012, the ruling Alliance was able to end a three years hiatus and elect a president, Nicolae Timofti, with the help of three

<sup>i</sup> In 2003 the negotiations collapsed on an agreement closing the Transnistrian conflict. The negotiations were led by Dmitri Kozak of the Russian Presidential administration and Moldova's President Vladimir Voronin.

<sup>ii</sup> It is notable that both the EUSR for Moldova and the head of the EUBAM between 30 November 2005 and 31 December 2009 were Hungarians, respectively Mr. Kálmán Mizsei and Major General Dr. Ferenc Bánfi. This is together with the fact that the EU's Visa Center operates under the auspices of the Hungarian Embassy in Chisinau clearly signals the commitment of the Hungarian foreign policy towards Moldova's European integration.

communist defectors. The coalition government thus further stabilized the political situation in the country.<sup>12</sup>

Due to the political developments of the last years, a window of opportunity has opened for the European Union to accelerate Moldova's democratic transformation, to facilitate reforms aiming to enhance the market economy, and help the adoption of the *acquis communautaire*. The opportunity provided by Chisinau's pro-European political leadership creates a solid foundation for the future success of the sectoral policies of the Eastern Partnership.

### **Eastern Partnership and Moldova**

The institutionalisation of the EU-Moldova relations started with a Partnership and Cooperation Agreement (PCA), which was signed in 1994 and entered into force in 1998. The PCA has set the framework for the sectoral cooperation (such as justice and home affairs, environment, energy, trade, etc.) and established ministerial and administrative levels of coordination.<sup>13</sup> After the launch of the European Neighbourhood Policy, an EU-Moldova ENP Action Plan was adopted in 2005, which laid down strategic objectives, such as resolution of the Transnistrian conflict, strengthening the border management, enhancing judicial capacity, etc.<sup>14</sup> However, the implementation of the Action Plan brought limited success, partly due to the communist political elite in power, which was rhetorically pro-European, but practically only interested in cementing its ruling position.<sup>15</sup>

The possible advantage of the Eastern Partnership's bilateral track could be the replacement of the Partnership and Cooperation Agreement by a new Association Agreement. Chisinau started the negotiations on an Association Agreement on 12 January 2010. The talks on the Agreement aim at the legal harmonization with the EU in the field of various sectoral policies (e.g. justice, freedom and security; foreign and security policy; etc.).<sup>16</sup> Nevertheless, the core element of an Association Agreement will be the provision on a Deep and Comprehensive Free Trade Area (DCFTA), which will liberalize the trade between the EU and Moldova, and possibly – depending on the progress reached by other involved Eastern European countries – among the partner states themselves.

Another element of the Partnership's bilateral engagement is the Comprehensive Institution-Building Programme (CIB), which aims to improve Moldova's administrative capacities. In 2009, a memorandum of understanding was signed under the umbrella of the CIB in order to provide consultative assistance to Moldovan authorities by experts from the European Union.

Concerning energy security, a reassuring step was taken toward a closer integration between the EU and Moldova, when the country, together with Ukraine, joined the Energy Community. In 2011, Chisinau successfully held the rotating Presidency of the Energy Community and established an Energy Efficiency Agency.<sup>17</sup> However, this cooperation is endangered by Russia, which uses its leverage in the energy sector in order to block Moldova's further EU integration.<sup>18</sup>

Although the energy security has utmost importance, perhaps average Moldovans are more interested in the visa-free travel to the Union. The negotiations on a visa-free regime, launched in June 2010, enjoy special public attention. Chisinau has placed emphasis on the dialogue on the visa facilitation process for several reasons. First, several hundreds of thousands Moldovan citizens work abroad, mainly in EU countries, thus their status is a major issue not just in Moldova, but in the affected EU members as well. Second, the Russian citizenship, or rather the Russian passport, is highly popular in the breakaway Transnistrian region, since travelling to the EU is easier as a Russian citizen than a Moldovan. According to certain estimation, Moscow has already distributed 150,000 passports among the 550,000 Transnistrian inhabitants. Third, Bucharest is also willing to easily provide citizenship to the Romanian speaking Moldovans. Approximately 200,000 of them have already received Romanian passports. For the EU's part, it is controversial to maintain the visa obligation and force hundreds of thousands to apply for another country's citizenship, since those people with Romanian or Russian passports will travel to the Union anyway.

As a part of the multilateral track of Eastern Partnership, bi-annual meetings of heads of states play a crucial role to provide political visibility for the Partnership, and draw public attention to the problems of the region. On 29–30 September 2011, the second EaP Summit took place in Warsaw, where, among others, Moldovan Prime Minister Vlad Filat expressed his thoughts regarding the achievements and the future of the Partnership. According to the Prime Minister: "Despite its successes, the Eastern Partnership is not without its critics, not least because it does not offer an accession perspective to the EU. But what I personally believe in is that if we do not see the light at the end of the tunnel, we should just walk faster. The faster we walk, the sooner we will see it. And the Eastern Partnership is both a compass and a map that will bring us closer to EU integration."<sup>19</sup>

### **Conclusions**

The Eastern Partnership is a successful initiative with regard to the fact that the European Neighbourhood Policy has gained a divided feature. To counterweight the

southern dimension of the ENP – the Union for the Mediterranean –, it was indispensable to provide a more visible framework for the Eastern dimension, which brought together the involved Eastern European countries and the fragmented sectoral policies under a common umbrella. Also, the Partnership could achieve significant and tangible results, such as visa-free travel and a free trade area, albeit after three years of the launch of the Partnership, not a single partner country has so far been able to reach one of the abovementioned goals.

At the same time, without a membership perspective, the Eastern Partnership lacks the most important incentive, which inspired the Central European countries to reform their political systems and economies in the 1990s. Although the Eastern Partnership carefully avoids to talk about a future Eastern enlargement of the EU, a possible future accession is inevitably in the minds of many Eastern European politicians. Due to the pro-European approach of the leading political forces in Moldova, Chisinau is undoubtedly committed to join the EU in the long term, which is crucial in carrying out the necessary political and economic transformation required by the successful implementation of the Eastern Partnership. However, it is also possible that without a credible membership perspective, the Moldovan society and political elite will sooner or later become frustrated and the democratic development comes to a halt in the country.

Nevertheless, the EU's internal political situation is not in favour of an additional turn of enlargement or the further financial and institutional expansion of the neighbourhood policy. Even before the global financial and the euro crises, the mood in the Union had been rather hostile against enlargement. The grave economic and institutional crises have made the situation worse. The Union has turned inwards and has been preoccupied by its own problems. Without overcoming the crises, and reforming the EU's institutional framework, it is likely that the EU's neighbourhood and enlargement policies will suffer in the foreseeable future and develop with a snail's pace.

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