



**Congressional  
Research Service**

Informing the legislative debate since 1914

---

# Moldova: Background and U.S. Policy

**Steven Woehrel**

Specialist in European Affairs

April 23, 2014

**Congressional Research Service**

7-5700

[www.crs.gov](http://www.crs.gov)

RS21981

## Summary

Although a small country, Moldova has been of interest to U.S. policy makers due to its position between NATO and EU member Romania and strategic Ukraine. In addition, some experts have expressed concern about 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 economic links. Moldova's political and economic weakness has made it a source of organized criminal activity of concern to U.S. policy makers, including trafficking in persons. U.S. and Moldovan experts have expressed concern about whether Russian President Putin's annexation of Crimea and attempted destabilization of eastern Ukraine presages a similar effort toward Moldova, including Russian recognition of the independence of Transnistria.

After July 2009 parliamentary elections, a group of opposition parties to the then-ruling Party of Communists of the Republic of Moldova (PCRM) formed a governing coalition that pledged to carry out reforms with the goal of closer integration with the European Union. There are few ideological differences among the governing parties, which are mainly vehicles for key political leaders and politically connected big businessmen. New parliamentary elections are expected to be held in November 2014.

Moldova is Europe's poorest country, according to the World Bank. Moldova's GDP grew by a rapid 8.9% in 2013, spurred by strong consumer spending and a good agricultural harvest, rebounding from a drought the previous year. Growth in 2014 may be affected by the unstable situation in neighboring Ukraine and a possible slowdown in Russia due to the threat of sanctions against that country.

As a self-declared neutral country, Moldova does not seek NATO membership, but participates in NATO's Partnership for Peace (PFP) program. In June 2014, Moldova expects to sign an Association Agreement with the European Union (EU), which includes a free trade agreement, and closer cooperation in a wide variety of spheres. Moldova hopes to become a candidate for EU membership, although the EU is unlikely to accept Moldova in the foreseeable future, due to Moldova's poverty, the EU's own internal challenges, and possibly also due to concerns that it would set a precedent for the candidacy of other former Soviet states, such as Ukraine.

The United States and Moldova have enjoyed good relations since the country's independence in 1991. In a signal of U.S. support, Secretary of State John Kerry visited Moldova on December 4, 2013, to congratulate the country on initialing its Association Agreement with the EU in Moldova. The United States and the EU are working to enhance market opportunities for wine and other Moldovan products in part in order to reduce the impact of current and possible future Russian embargoes. During a visit to Moldova on March 30, Assistant Secretary of State Victoria Nuland confirmed U.S. support for Moldova's path toward European integration and for continued U.S. aid for anti-corruption efforts, strengthening border security (for which Ms. Nuland announced an additional \$10 million in U.S. aid), boosting Moldovan exports (including Moldovan wines), energy security, and other areas. The 112<sup>th</sup> Congress addressed a long-standing Moldovan concern by adopting legislation to grant the country permanent normal trade relations (PNTR) with the United States (P.L. 112-208).

## Contents

Political Situation.....	1
Transnistria and Gagauzia .....	2
Economy .....	4
Foreign Policy.....	5
Russia’s Strategy toward Moldova .....	5
NATO and the European Union.....	7
U.S. Policy .....	8
Congressional Action.....	10

## Figures

Figure 1. Transnistria and Gagauz Regions .....	2
---	---

## Contacts

Author Contact Information.....	10
---------------------------------	----

## **Political Situation**

Although a small country with a population of just over 3.6 million people, Moldova has been of interest to U.S. policy makers due to its position between NATO and EU member Romania and strategic Ukraine. Some experts have expressed concern about 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. policy makers, including trafficking in persons.

The Party of Communists of the Republic of Moldova (PCRM) held power in Moldova for most of the 2000s after winning parliamentary elections in 2001, 2005, and April 2009. The PCRM's leader is Vladimir Voronin, who was elected by the parliament as president of Moldova during the period of the PCRM's rule.

After July 2009 parliamentary elections, a group of opposition parties formed a new governing coalition, the Alliance for European Integration. As its name suggests, the AEI was pledged to carry out reforms with the goal of closer integration into Europe. In March 2012, the parliament elected Nicolae Timofti as president of Moldova. Timofti was a judge with long experience in the Moldovan judicial system dating back to the Soviet era. He had a very low political profile, which may have been a major consideration in his selection.

There are few ideological differences among the governing parties, which are mainly vehicles for key political leaders and politically-connected big businessmen. A scandal over an apparently accidental death in a hunting accident involving high-ranking judiciary officials in December 2012 caused unseemly, public infighting among party leaders, ending in the government's collapse in March 2013.

The coalition was reconstituted in May 2013, in part because the European Union urged Moldovan leaders to reassemble the coalition in order to keep the country's European integration prospects on track. It controls 53 of the 101 seats in the parliament. It is composed of the Liberal Democrats, the Democratic Party, and the Liberal Reformist Party. Iurie Leanca of the Liberal Democrats is Prime Minister. Igor Corman of the Democratic Party is chairman of the parliament. The largest opposition party, the PCRM, holds 34 seats. New parliamentary elections are expected in November 2014.

## Transnistria and Gagauzia

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, also referred to as Transnistria) erupted in March 1992. Hundreds of 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 issues of national identity and maneuvering for power and wealth among elite groups. Ethnic Russians and Ukrainians together make up a majority of Transnistria’s population of fewer than 500,000 persons, while Moldovans are the single largest ethnic group, at 40%.

Many analysts believe a significant 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 2013 State Department human rights report sharply criticized the poor human rights record of the “Dniestr Republic,” noting its record of 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. 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 late 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 were held regularly, however. Expert groups discussed confidence-building measures between the two sides, but no progress occurred on larger political questions. Formal 5+2 talks resumed in late 2011, with some progress in confidence-building measures, but none on political status.

Figure 1. Transnistria and Gagauz Regions



Source: Map Resources. Adapted by CRS.

The Moldovan leadership favors a substantial 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 as part of a deal. 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 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 rejected these entreaties, however.

In 2011, Yevgeni Shevchuk was elected "president" of Transnistria, beating longtime hardline leader Igor Smirnov in a runoff vote. Observers have characterized the election as a vote by people in Transnistria for a normal life, as opposed to the image of a besieged fortress projected by the Smirnov leadership. Shevchuk made a clean sweep of the government, replacing supporters of the former regime, often with young people who have grown up in a de facto independent Transnistria, never having felt themselves as part of Moldova or the Soviet Union. Shevchuk called for focusing on practical issues such as lifting trade restrictions between Transnistria and Moldova, and restoring communications links such as trains and telephone service.

Moldovan leaders have hoped progress on these small steps will eventually lead to progress on the issue of Transnistria's status. However, that appears unlikely. Shevchuk has rejected discussing the status issue at the 5+2 talks and stressed his support for Transnistria's independence. He has rejected Moldova's call to replace the multinational peacekeeping force stationed between Transnistria and right-bank Moldova with a civilian mission, saying that the Russian troops there as part of the force protect Transnistria's security. He has called for closer economic integration between Russia and Transnistria, including Transnistria's eventual membership in the Russian-led Customs Union and Eurasian Union. After Russia's annexation of Crimea in March 2014, Transnistrian leaders again asked Russia to recognize their regime as an independent country.

Gagauzia is a small region in southern Moldova with a population of a little over 160,000, where the Gagauz (an Orthodox Christian, Turkic-speaking people) form the majority. Tensions in the late Soviet and early post-Soviet period between the region's leaders and the Moldovan central government were reduced in 1994, when the Moldovan parliament adopted a law establishing Gagauzia as a "national-territorial autonomous unit" within Moldova. The region has its own elected legislative and executive authorities and would be entitled to secession from Moldova in the case of Moldova's unification with Romania.

## Economy

According to the World Bank, Moldova's per capita Gross National Income of \$1,980 in 2011 makes it the poorest country in Europe. More than one-fifth of the country's population lives in poverty. More than one-quarter of Moldova's economically active population works abroad. Remittances from those working abroad amounted to 20% of the country's Gross Domestic Product in 2011, 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. In 2011, agriculture accounted for 12% of GDP, 41% of exports, and 28% of employment in Moldova. Most of Moldova's industry is located in the breakaway Transnistria region. Transnistria's economy has also suffered as a result of the global economic crisis, resulting in large-scale emigration. Transnistria's economy is dependent on remittances from Transnistrians working abroad and on aid from Russia, including direct aid and indirect subsidies in the form of unpaid debts for energy supplies.

The global financial crisis 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. Foreign direct investment also dropped sharply. Moldova's GDP dropped by 6% in 2009, but rebounded to grow by 6.9% in 2010 and 6.5% in 2011. However, GDP contracted by 0.8% in 2012, due to the slowdown in the Eurozone.

In 2013, Moldova's GDP grew by a rapid 8.9%, spurred by strong consumer spending and a good agricultural harvest, as compared to a drought the previous year. The weakening Moldovan currency has also boosted exports. Growth in 2014 may be affected somewhat by the unstable situation in neighboring Ukraine and a possible slowdown in Russia due to the threat of sanctions against that country. Despite a Russian ban on Moldovan wine imports, Russia still accounts for a quarter of Moldova's exports.<sup>1</sup>

In 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, pledged \$2.6 billion for the period 2010-2013 to implement the plan. The country's prospects for increased foreign investment remain hindered by serious problems with corruption and shortcomings in the rule of law. However, Moldova ranked 81<sup>st</sup> out of 183 countries in a 2012 World Bank ranking on ease of doing business, a significant improvement over its past rankings.

---

<sup>1</sup> Economist Intelligence Unit report on Moldova, April 9, 2014.

# Foreign Policy

## Russia's Strategy toward Moldova

A key goal of Russia's policy toward Moldova has been to block moves by Moldova toward Euro-Atlantic integration. Moldova is a neutral country that does not seek NATO membership. It is a member of NATO's Partnership for Peace program. Russia has objected to cooperation between NATO and Moldova, and influential Russian politicians have claimed, apparently falsely, that Moldova is secretly seeking NATO membership. Russian officials have also echoed charges made by Transnistrian and Gagauz leaders that Moldova intends to unite with neighboring Romania. However, Moldovan leaders have strongly rejected unification with Romania. Public opinion polls and recent election results for pro-unification parties have shown Moldovan support for union with Romania at 10% or less.

Russia urged Moldova not to initial its Association Agreement with the EU in November 2013 and instead to join the Customs Union Moscow has formed with Belarus and Kazakhstan. Russia has imposed de facto economic sanctions against Moldova, perhaps in order to give it a sample of what it could expect if it initialed and then signed the Association Agreement. In September 2013, Russia banned imports of Moldovan wine and spirits, allegedly on health grounds, repeating a similar tactic it had pursued between 2005 and 2007. The European Union responded to the most recent Russian move by abolishing quotas that it had placed on Moldovan wine exports to the EU. In April 2014, Russia banned Moldovan pork products, again allegedly for health reasons.

Russia has also used Moldova's energy dependency to exert pressure on Chisinau. More than 90% of Moldova's energy imports come from Russia. Moldova has accumulated large debts to Russian energy firms, which has provided Russia with leverage. 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.

Moldova continues to face pressure from Gazprom. As a signatory to the Energy Community Treaty, Moldova is obliged to implement the EU's Third Energy Package, which prohibits an energy supplier from monopolizing the pipelines used to transport that energy. Gazprom strongly objects to this policy and has tried to secure an exemption from it. Other difficult issues between Moldova and Gazprom include Moldova's gas debts, which are mainly those of Transnistria, for which Moldovagaz is currently responsible. Moldova is also trying to secure a lower gas price, so far without success. Gazprom has offered a lower price if it is exempted from the Third Energy Package.

Russia has also taken steps against some of the large number of Moldovan labor migrants (estimates range as high as 400,000 persons) living in Russia by more strict enforcement of rules against short-term visa overstays. Remittances from Moldovans working abroad (more than half of them in Russia) account for nearly a quarter of Moldova's gross domestic product, according to the World Bank.

Finally, many analysts believe that Russia is trying to undermine the current Moldovan government by playing on the country's political and territorial fractures. 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 refused to honor commitments it made at the 1999 OSCE summit in Istanbul to withdraw its forces from Moldova. Russian leaders have conditioned the withdrawal of Russian troops and weapons stocks on the resolution of Transnistria's status. Russia has provided financial support to Transnistria, including grants and loans as well as energy supplies for which Transnistria does not pay. In return, Russian firms have assumed control over most of Transnistria's key economic institutions.

The leaders of Gagauzia, Transnistria, and the opposition Moldovan Communist Party have all adopted Moscow's view that the Association Agreement with the EU will lead to the country's loss of sovereignty and eventual merger with neighboring Romania. They say that Moldova (or just their enclave, if necessary) should join the Russia-led Customs Union. On February 2, 2014, the Gagauz government held a non-binding referendum to ask voters if they wish to join the EU or the Customs Union. Gagauz leaders have sharply criticized Moldova's initialing of the Association Agreement and called for Moldova to join the Customs Union. Voters were also asked if Gagauzia should secede from Moldova if Moldova agreed to become part of Romania. The government announced that over 98% of those participating supported the Customs Union and secession from Moldova if it joined Romania. The Moldovan government condemned the referendum as illegal.

Transnistrian officials have also strongly objected to Moldova's initialing of the Association Agreement. Moldovan officials say Transnistria representatives were invited by Moldova to participate in the Association Agreement talks and were given full information on them, but they refused to participate actively, and acted only as observers. Moldovan officials also say that while the Moldovan government would start implementing the Association Agreement immediately upon its ratification by the Moldovan parliament, Transnistria will have until the end of 2015 to implement the accord. If this does not occur, Transnistrian firms that export to the EU could be excluded from the Deep and Comprehensive Free Trade Agreement (DCFTA) included in the Association Agreement and thus suffer substantial losses. On the other hand, if Transnistria accepts the DCFTA, it risks losing energy subsidies from Russia, which could prove even more devastating.

Likewise, the Transnistrian regime may also be challenged by Moldova's visa-free travel agreement with the Schengen zone countries (most EU and some non-EU countries in Europe), which goes into effect in late April 2014. Moldovan officials say that, in anticipation of such an agreement, over half of the inhabitants of Transnistria have sought biometric Moldovan passports already, and their number continues to increase.

The Moldovan government has responded to recent events in Ukraine with great concern. Over 170,000 people in Transnistria have Russian citizenship. This large population of Russian citizens could serve as a pretext for Russian action, as Russian leaders have asserted the right to intervene militarily in Ukraine to protect Russian citizens and Russian-speaking "compatriots." Ukraine has stopped armed men trying to cross the border from Transnistria to Ukraine to "participate" in "demonstrations" against Ukraine's government. In April 2014, Russian President Vladimir Putin claimed that there was an economic blockade of Transnistria, which both Chisinau and Kyiv denied.

In March 2014, NATO Supreme Allied Commander Europe General Philip Breedlove expressed concern that Russian forces could sweep across eastern and southern Ukraine to link up with Transnistria. Such a move, while very ambitious, would have the advantage of linking the region directly with Russia.

However, while Moscow has shown hostility toward the Moldovan government, it is unclear whether Russia would take military action against Moldova. Russia has so far continued to refuse to recognize Transnistria's independence and has continued to support the 5+2 talks. Many observers believe Russia will continue to try to turn Moldova away from a pro-Western orientation by using indirect tactics: de facto trade sanctions, increasing support for Transnistria and separatism in Moldova's Gagauzia region, and supporting the Communist opposition to the government in the run-up to Moldova's parliamentary elections in November. However, given that Russia has little left to lose in its relationship with the EU and United States due to its Ukraine policy, it cannot be ruled out that Russia may recognize Transnistria's independence in the future.

## **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. Moldova's main foreign policy objective currently is to sign an Association Agreement with the EU. While the agreement would not recognize Moldova as an EU membership candidate, it would enhance EU-Moldova cooperation in many areas, including the establishment of a free trade zone. Moldova and the EU hope to sign the agreement in late June 2014. In April 2014, Moldova was also granted visa-free travel in the Schengen zone of countries (which includes most EU countries and some non-EU European countries).

From 2011 to 2013, Moldova was allocated 273.14 million Euro (\$372.9 million) in aid from the EU.<sup>2</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. EU aid totals for Moldova for 2014-2020 are expected to be announced soon.

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. The EU is Moldova's largest trading partner, accounting for 54% of its trade. Russia accounted for 12%.<sup>3</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 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. However, many EU member states are unlikely to accept Moldova as a candidate in the foreseeable future, due to Moldova's poverty and the EU's own internal challenges. Some EU countries may also be concerned that a

---

<sup>2</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>3</sup> See <http://ec.europa.eu/trade/policy/countries-and-regions/countries/moldova>, accessed April 21, 2014.

Moldovan candidacy could set an unwelcome precedent for the possible candidacy of other former Soviet states, particularly Ukraine.

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 eventual union with Romania.

In a 1994 referendum, more than 90% of Moldovans rejected unification with Romania. Recent opinion polls in Moldova show that Moldovan support for union with Romania remains at less than 10%. The most significant pro-Romanian party in Moldova, the Liberal Party, won about 10% of the vote in the last parliamentary election, and had to downplay pro-union views to avoid harming its electoral chances. However, it should be noted that Romania's 2007 entry into the EU led to hundreds of thousands of Moldovan applications to Romania for dual Romanian-Moldovan citizenship. Over 400,000 Moldovans had Romanian citizenship in 2012, according to a survey by the Soros Romania Foundation.

The 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 2010, Romania agreed to provide 100 million Euro in aid to Moldova over the following three years. Moldova and Romania are planning to build a gas pipeline between the two countries. It is hoped that the pipeline will help Moldova to reduce its energy dependence on Russia.

## **U.S. Policy**

The United States and Moldova have enjoyed good relations since the country's independence in 1991. U.S. officials have repeatedly expressed support for Moldova's sovereignty and territorial integrity within its internationally recognized borders. In a signal of U.S. support, Secretary of State John Kerry visited Moldova on December 4, 2013, to congratulate the country on initialing its Association Agreement with the EU. Kerry said the United States would sponsor a trip by Moldovan winemakers to research opportunities in the U.S. market and that the United States would partner with Sweden on energy efficiency projects in Moldova. The United States and the EU are working to enhance market opportunities for wine and other Moldovan products in part in order to reduce the impact of possible future Russian embargoes.

On March 3, Prime Minister Leanca met with President Obama, Vice President Biden, and Secretary Kerry in Washington. During a visit to Moldova on March 30, Assistant Secretary of State Victoria Nuland confirmed U.S. support for Moldova's path toward European integration and for continued U.S. aid for anti-corruption efforts, strengthening border security (for which Ms. Nuland announced an additional \$10 million in U.S. aid), boosting Moldovan exports (including Moldovan wines), energy security, and other areas.

According to State Department figures, the United States provided \$21.855 million in foreign aid to Moldova in FY2013 and an estimated \$20.66 million for FY2014. Before Ms. Nuland's visit in late March, the Administration requested \$20.23 million in assistance for Moldova for FY2015. 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. Other U.S. aid is aimed at improving the business climate in Moldova, and helping the country diversify its exports. Moldova receives very modest U.S. security assistance: an estimated \$1.25 million in Foreign Military Financing in FY2014, as well as \$750,000 in IMET military training funds. U.S. security assistance is used to develop Moldova's peacekeeping capacity and interoperability with NATO.

This aid does not include assistance Moldova has been receiving since 2010 under a five-year, \$262 million grant from the Millennium Challenge Corporation. This assistance is being used to improve Moldova's road network and its irrigation systems in order to boost the country's agricultural exports.

In testimony before the Europe Subcommittee of the Senate Foreign Relations Committee on April 10, Assistant Secretary Nuland said the Moldovan government needs to strengthen its efforts to educate the Moldovan public on the benefits of association with the EU. Experts have noted that Moldova has not done enough to expand communications in the Russian language, to supplement current efforts heavily weighted toward Romanian/Moldovan. Nuland also stressed that Moldova needs to continue its fight against corruption. Some observers are concerned that Moldovan leaders could incorrectly believe that, for geopolitical reasons, the United States and the EU would tacitly excuse corruption and other reform shortcomings in order to support a "pro-Europe" government against their "pro-Russia" opponents.

In June 2012, the Congressional Moldova Caucus was formed, in order to promote U.S.-Moldova cooperation on a wide range of issues, including Euro-Atlantic integration and granting of Normal Trade Relations status for Moldova (which was achieved in 2012). Since 1999, Moldova and the state of North Carolina have worked together in such areas as civil emergency, expansion of markets, and cultural, scientific, and academic exchanges.

The United States has called on Russia to withdraw troops from Transnistria deployed there without the consent of the Moldovan government. 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 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 2003, the United States imposed missile proliferation sanctions on two Moldovan firms for transferring equipment and technology to Iran. The 2013 State Department Trafficking in Persons report notes that Moldova is a source of women and girls trafficked for commercial sexual exploitation, as well as men and women for forced labor. Moldova is a "Tier 2" 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."

U.S. aid has helped Moldova interdict attempted sales of highly-enriched uranium (HEU). In an incident in June 2011, Moldovan police, including some officers who had received U.S. counter-

proliferation training, conducted a “sting” operation against persons offering HEU for sale. The material, which probably came from Russia, transited Transnistria.

## Congressional Action

Moldova has long sought permanent normal trade relations (PNTR) from the United States by terminating the application of the Jackson-Vanik amendment to Moldova.<sup>4</sup> On November 16, 2012, the House approved H.R. 6156, which extends PNTR to Russia and Moldova. The Senate passed the bill on December 6. It was signed by the President on December 14 (P.L. 112-208).

The crisis in Ukraine has caused Members of Congress to call for greater U.S. efforts to bolster Moldova’s sovereignty and territorial integrity against possible Russian threats, including during visits to those countries. P.L. 113-96, passed by the Senate on March 27, 2014, and the House on April 1, was signed by the President on April 3. The bill requires Radio Free Europe/Radio Liberty to conduct a “programming surge” in Ukraine and Moldova in order to counter “inaccurate and inflammatory” broadcasts by Russia.

On March 5, Representative Ted Poe introduced H.R. 4155, the Fight Russian Energy Exploitation Act (FREE). The bill would amend Section 3(c) of the Natural Gas Act (15 U.S.C. 717b(c)) in order to make Moldova eligible to import U.S. natural gas.

On April 3, Senator Inhofe introduced S.Res. 411, which sharply criticizes Russian policy toward Ukraine as violating the principles of sovereignty and territorial integrity. The resolution notes that Russia has used energy resources, its military presence in Transnistria, and other means to intimidate Moldova. The resolution affirms U.S. policy to support Moldova’s sovereignty, independence, and territorial integrity; calls on Russia to remove its military forces from Moldova; and urges the President to consider increasing security and intelligence cooperation with the Government of Moldova, among other provisions.

## Author Contact Information

Steven Woehrel  
Specialist in European Affairs  
swoehrel@crs.loc.gov, 7-2291

---

<sup>4</sup> For more on the Jackson-Vanik amendment, see CRS Report RS22398, *The Jackson-Vanik Amendment and Candidate Countries for WTO Accession: Issues for Congress*, by William H. Cooper.