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Policy Brief

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IS MOLDOVA CATCHING UP WITH UKRAINE?

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What happened in Moldova? Zoom in

At the beginning of March 2013, the parliament of Moldova expressed no confidence vote to the government of the Alliance for European Integration-2 headed by Vlad Filat.¹ Like most of the governing coalitions, the Alliance for European Integration, composed by the Liberal Democratic Party, Democratic Party and Liberal Party, had frequent internal conflicts and disagreements². However, despite different visions on policy issues, the personal conflict between the Prime Minister Vlad Filat and First Deputy Speaker Vlad Plahotniuc generated many crisis situations inside the governing alliance throughout its existence.

The December 2012 illegal hunting in the «Royal Forest», where by accident the businessman Sorin Paciu was deadly injured allegedly by the senior judge (Gheorghe Cretu), shifted the conflict in the alliance on the knife-edge. The hunting was not a usual one since the participants were different high-ranked officials some of them affiliated with the Democratic Party and the Liberal Party including the General Prosecutor Valeriu Zubco. After the accident, despite the fact that the injured businessman was transported to the hospital and the local authorities knew about this unfortunate accident, the general prosecutor did not inform the central authorities, which was labeled as an attempt to cover up the crime.

As a result, the general prosecutor was dismissed by the parliament with unanimous vote and a special parliamentary commission was created which investigated the accident in the «Royal Forest» and prepared a report, which was also approved unanimously by the parliament. However, the Liberal Democratic Party started to link the unlucky accident during the hunting with the first deputy speaker of the parliament and one of the most odious politicians Vlad Plahotniuc with the

¹ The no confidence vote was initiated by the Party of Communists and supported by the Democratic Party and few non-affiliated MPs. The Alliance for European Integration-2 is the successor of the Alliance for European Integration-1, which was composed from the same parties, plus the party Alliance Our Moldova, which has been absorbed by the Liberal Democratic Party after the parliamentary elections on November 28, 2010.

² The Liberal Democratic Party is headed by Vlad Filat (acting prime-minister) and holds 31 mandates, the Democratic Party is headed by Marian Lupu (speaker of parliament) and holds 15 mandates, the Liberal Party is headed by Mihai Ghimpu and holds 12 mandates and the main party, which is also the opposition party – Party of Communists, is headed by Vladimir Voronin and holds 34 mandates.

overall disagreements in the Alliance. Vlad Filat and his party, feeling that it was the right moment to capitalize on the mistakes of its coalition partners, on February 13, denounced the founding coalition agreement. It was said that in the current circumstances he is not able to fulfill his duties as the prime minister and that the coalition agreement itself leads to «oligarchization» and is destroying Moldova, adding that «while we have been running the country, some have used their power as a cover for restoring communist-era schemes... I can compromise, but not when it comes to... European values and fighting corruption.»³

Following the exit of the Liberal Democrats from the coalition agreement; these voted together with the party of Communists the liquidation of the position of first deputy speaker (which was held by Plahotniuc), referring to the fact that the position contradicts to the constitution (it does not exist). On the same day, on February 15th, Vlad Plahotniuc resigned from the position of the deputy speaker and called Vlad Filat to resign as well. The reaction of Vlad Plahotniuc showed clearly that the actions of Filat had humbled his pride. In response to Plahotniuc's call to resign, Filat said that he is not going to do so because he was elected by the citizens of Moldova while «Plahotniuc reached the position of first deputy speaker backed by offshore companies, stolen money and crimes for which has yet to respond»⁴. However, despite the fact that many in the expert circles in Moldova believe that Plahotniuc might be involved in some illegal economic schemes, the statements of Filat are not backed up with specific evidences that would give weight to his accusations. The fact that Filat is not bringing evidence makes people to believe that it is a pure political fight.

However, Filat's plea against corruption faces important challenges and not only due to the fact that the evidence is not given. The main reason is that some of the intercepted phone calls of the head of Moldova's Tax Office Nicolai Vicol, who was under surveillance of the National Anti-Corruption Agency since 2012, have been leaked, most probably intentionally⁵. The leaked wiretap is containing discussions between the head of the Tax Office with different officials, including the Prime Minister Filat, that allegedly contains influence peddling. Moreover, several ministries and officials, most of them affiliated with the Liberal Democrats, but also from the Democratic party and Liberal party are under investigation and are accused of various actions that fall under the penal code. However, the biggest problem with the leaked wiretap is that it revealed that there is no difference in values between the Liberal Democrats and the rest of political class⁶. They operate in the same way as others on political scene when they are not in the spotlight of media even if they pretend to be different.

In light of the events described above, the opposition (Communist party) initiated the procedure of no confidence vote to the government, saying that the government proved to be inefficient and corrupted. On March 5th, the government of Filat was dismissed with the votes (54 out of 101) of the Communist party, the Democratic party and few of non-affiliated MPs.

³ Moldovan PM's move threatens ruling coalition with collapse, Reuters, 13/02/2013, <http://uk.reuters.com/article/2013/02/13/uk-moldova-government-idUKBRE91C13M20130213>

⁴ Vlad Filat: «Demiterea lui Plahotniuc este un inceput (Plahotniuc's dismissal is a beginning), Unimedia, 16.02.2013, <http://unimedia.info/stiri/vlad-filat-demiterea-lui-plahotniuc-este-un-inceput-57412.html>

⁵ Some consider that the National Anti-Corruption Centre (NAC) is politically biased given the fact that the Democratic Party proposed the head of the Centre, therefore his actions politically motivated. Despite this fact, the Head of NAC was elected by the parliament and passed the public contest for being appointed in this position.

⁶ Dan Dungaciu, La Chisinau Rusia a marcat in poarta Germaniei, <http://www.ziare.com/europa/moldova/dan-dungaciu-la-chisinau-rusia-a-marcata-in-poarta-germaniei-interviu-ziare-com-1222529>

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The no confidence vote towards the government showed that the conflict between Filat and Plahotniuc reached the highest level of intensity. Despite the fact that the no confidence vote was expressed towards the entire government, the Democratic party and the Liberal party (which did not vote for) stated that the vote of no confidence is actually not against the cabinet but against Vlad Filat personally, so it's a protest vote. The subtext on these kinds of statements is very clear. By this step it was intended to humiliate Filat, as he did in other cases with Plahotniuc and other politicians. The dismissal of Plahotniuc from the position of the first deputy speaker did not help in any way the Liberal Democrats, however generated a large-scale conflict, because it was clearly meant to humiliate him. Moreover, the Liberal Democrats most probably were aware of the fact that the Plahotniuc's position did not exist from the very beginning, but they were silent about this. Let's remember that in the Alliance for European Integration-1, the same position (constitutionally inexistent) was held by Serafim Urechean, at that time leader of Our Moldova Alliance party, but there was no MP who said that was non-constitutional. So this is actually the problem: the constitution is applied when it is politically convenient. In addition, when one party is about to exit the founding agreement of the alliance, it has to inform its partners, if it wants further cooperation with them. The exit of Vlad Filat is difficult to understand, as it is difficult to understand the position of the Democrats and Liberals on no confidence vote where emotions were put above the mission of the Alliance – integration in the EU.

The accusations on corruption represent another problem of the alliance that poses serious questions about the positive impacts of the Alliance on Moldova. The situation is so difficult now that one can say that Moldova finds itself in the «corruption dilemma.» The dilemma is that the opponents will label any corruption prosecution case on a high-ranked official as political prosecution. Thus, if the Alliance for European Integration-3 will be created, then it should treat corruption cases of the high-ranked officials (at least until elections) more carefully; otherwise, the Alliance might not survive. On the other hand, the EU and the Council of Europe require more convictions of the high-ranked officials for corruption cases in order to show progress on fight against corruption. Therefore, despite the fact that the head of the National Anti-Corruption Agency will be changed, in case it will be effective it will endanger the Alliance, in case keeping the Alliance is more important than combating corruption, then the pressure on NAC will continue and the fight against corruption will prove largely ineffective.

European integration and early elections

There is a wide consensus in Moldova that early elections, even if is a democratic exercise, is a bad option. Early elections are not timely because it may damage the association process with the EU. Moldova conducted a good foreign policy since 2009 and is now at an advanced phase on its negotiations with the EU on the Association Agreement, including the DCFTA. The text of the Association Agreement has already been negotiated and the DCFTA is about to be provisionally closed, thus, Moldova and the EU will most probably conclude officially the AA (with DCFTA) at the EU-Moldova Cooperation Council in June and the AA will be initialed in November in Vilnius at the Eastern Partnership summit, at least this is the optimist plan. The veracity of these deadlines is volatile, especially when it comes from the Moldovan politicians. The citizens of Moldova heard officially many times that Moldova will sign the AA in Vilnius that the visa liberalization will be achieved by the end of 2012 but none of these happened. Also, it may happen that the AA will not be initialed in Vilnius as Vlad Filat say, as his alliance opponent Mihai Ghimpu (leader of Liberal party) says, after visiting Brussels that Moldova will not succeed to initial the AA at the Vilnius summit. Such a possibility is partially confirmed by the statements of the head of the EU Delegation in Moldova

who said «Eastern Partnership Summit in Vilnius will be a success for Moldova, no matter if it will succeed to initial the Association Agreement with the European Union»⁷. Thus, the EU envisages a theoretic possibility that the AA will not be initiated and we are witnessing a strange behavior when no matter what the results are, the summit is *a priori* considered as a success for Moldova. Moreover, some of the Moldovan politicians are also behaving strange. Mihai Ghimpu is one of them by saying that Moldova should not conclude the negotiations on the DCFTA soon, as this agreement will destroy local business⁸. His argument is valid as content, meaning that it might be true that the local business will suffer from the DCFTA at the initial phase, however, why is he mentioning this when the negotiations are almost done? The right timing for such statements was 1-2 years ago.

Sounds familiar?

The situation in Moldova resembles to some extent the situation in Ukraine. There are some reasons to believe that the current situation in Moldova has a lot in common with Ukraine of the Orange Revolution times. It is, however, difficult to define the situation in Chisinau similar to the one in Kiev. Most of the associations of Moldova with Ukraine are related with the conflict at odds between the members of the ruling Alliance. Indeed, the conflict between Filat and Plahotniuc resembles a lot the conflict between Yushchenko and Tymoshenko. In both cases, the emotions prevail over the reason and as long as the conflicting parties are in an active phase, the non-functionality of the institutions and political volatility is very high. As well it is similar to the fact that Yushchenko was taking care a lot about the so-called «historical truth» as Ghimpu is taking care now.

Moreover, the conflict between Yushchenko and Tymoshenko was clearly a political one. During the time when the two were in coalition, Tymoshenko pointed the finger on the presidency and clearly indicated that she will run for the president at next elections. In Moldova, besides the political race, Filat and Plahotniuc are few of the richest in the country. Therefore, the business component has a heavy weight. And, it is not that they cannot do business, but they need to have power in order to protect their business.

Nevertheless, the difference between the ruling of the Alliance for European Integration and the 'orange times' in Ukraine is that in Moldova the practical implementation of the reforms has a higher rate of success. The 'orange Ukraine' implemented with success the reform in education and initiated few other reforms that were not fully implemented, while the Alliance in Moldova implemented reforms in several areas like the law on anti-discrimination, reform of the civil aviation and signing the Open Sky Agreement, reform of the National Anti-Corruption Centre, reform of the National Integrity Centre, etc. All of these reforms still have shortcomings and some of them are in the course of implementation, however, it is expected that in few years the results of these reforms will become visible.

Moreover, the experience of Ukraine shows that escalating the situation that is currently in Moldova might lead to unfavorable consequences for the European integration. Simulating on the experience of Ukraine, the negative effects for Moldovan political context would lead to the downfall of the pro-

⁷ Schuebel: Indiferent de rezultate, summitul de la Vilnius va fi un succes pentru Republica Moldova, Unimedia, 18.03.2013, <http://unimedia.info/stiri/Schuebel-Indiferent-de-rezultate-summitul-de-la-Vilnius-va-fi-un-succes-pentru-Republica-Moldova-58549.html>

⁸ Mihai Ghimpu a avut la Bruxelles întâlniri cu înalți oficiali europeni, 12.03.2013, <http://pl.md/libview.php?l=ro&idc=78&id=4808>

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EU forces and a comeback of post-Soviet politicians with a different political agenda, which in case of Moldova means the communist party.

However, the best experience that can be taken from Ukraine in a positive sense is that of the European integration, or more exactly what should Moldova expect from the EU. Leaving alone the cases of selective justice and other serious irregularities that are observed in Ukraine, EU (especially some member states) has proved to be very good in finding different shortcomings, underline them and impose additional conditionality on the signing of the Association Agreement and on other processes. And the trend is being kept despite the fact that technically things are done. Even Moldova had such kind of experience before when in 2009 the EU conditioned the beginning of the negotiations on the AA with the democratic parliamentary elections. These days Chisinau is witnessing additional conditionality on visa liberalization process. Suddenly, the EU officials started to speak about the eastern border (Transnistria), that is not secure enough⁹, etc., which is not part of the Visa Liberalization Action Plan. Therefore, Moldova should expect that before signing the AA and receiving the visa-free regime, the EU will most probably put additional conditions.

Last but not least, in Ukraine, the Russians worked hard to prove that the Orange leaders are not worth a penny. In Moldova, the Russian influence on the local political landscape is felt, however, at a different intensity than in Ukraine and in fewer sectors. Therefore, this time the usual argument of the Moldovan politicians that «Russia prevented Chisinau from doing ...» will not work.

Implications of early elections or non-functional alliance

Despite the fact that the negotiations on the Alliance for European Integration-3 are taking place, these do not guaranty a positive outcome, even if is desired by a significant part of the population and mainly by Moldova's development partners. Early elections also does not guaranty that the result would be different, given the sociologists prediction that the only party to gain out of the current scandals is the Communist party¹⁰. In case Moldova will face early elections, it has to be aware that this will involve a series of problems in few areas like European integration and Transnistrian settlement .

Implications for the EU integration

Early parliamentary elections or a non-functional Alliance for European Integration -3 might bring about several effects to Moldova's path toward the European Union ranging from slowing down the speed of implementation of reforms by Moldova to radical change of Moldova's foreign policy vector. Thus, the implications of early elections in Moldova on European integration are:

- **Losing the position of the EaP leader.** Moldova has been in recent years the leader in the Eastern Partnership when it comes to reforms. Comparative research such as Eastern Partnership

⁹ Dirk Schuebel: În circumstanțele pe care le avem astăzi cu Transnistria este mai dificil să avem regim liberalizat de vize, 21.03.2013, http://www.publika.md/dirk-schuebel--in-circumstantele-pe-care-le-avem-astazi-cu-transnistria-este-mai-dificil-sa-avem-regim-liberalizat-de-vize_1314211.html

¹⁰ Ion Jigau, Publika, 07.03.2013, Dacă vor fi organizate alegeri anticipate, PCRM și-ar putea dubla numărul de voturi, susțin sociologii, http://www.publika.md/daca-vor-fi-organizate-alegeri-anticipate-pcrm-si-ar-putea-dubla-numarul-de-voturi-sustin-sociologii_1291091.html

Index¹¹, Eastern Partnership Visa Liberalization Index¹² and other instruments give evidence on Moldova's leadership. The good result of Moldova is not only because it is really implementing some reforms in comparison with other countries, but also because other do very little. Therefore, Moldova is the best student in the classroom, but the average progress of the classroom is quite low. In this context, early parliamentary elections will stop or slow down for almost one year the implementation of reforms given the fact that institutions are still sensitive to political turbulences and their efficiency is lowering in electoral periods. To some extent, Moldova has already started to lose the leadership position in the EaP, given the fact that at the EU is again coordinating and synchronizing the process at the regional level. The clear evidence of this trend can be found in the Council conclusions of the EU foreign ministries on the EaP that reads «Council recalls that the European Council has called for progress as regards the Association Agreements including DCFTAs with the Republic of Moldova, Georgia and Armenia with a view to their finalisation by the time of the Summit».

- **Delaying the reforms related to visa liberalization.** The visa liberalization process is a complex one and requires coordinated effort in the implementation of the reforms to which Moldova committed when receiving the Visa Liberalization Action Plan. The most painful reforms are related to fighting corruption and the proper functionality of the law-enforcement agencies and these kinds of reforms suffer first when the elections are on the eve. Moreover, now some additional conditionality related to Transnistria, at least at the level of statements, is being added, which makes it almost a «mission impossible» until the next elections.
- **Possible conditionality on signing the Association Agreement.** Negotiating the AA is only a part of the association process. The practice has showed that initializing and most importantly signing the Agreement is still a difficult process, especially if the given country has some relevant shortcomings. The story of Ukraine is the best suitable example for how democratic setback or political processes like elections can freeze the signing of the AA. In case of early elections Moldova will most probably face the same conditionality, EU saying to Moldova that it has first to conduct democratic elections, and then the process will be resumed.
- **Decrease of the foreign assistance.** The support of development partners, particularly the EU, which is the biggest donor of Moldova has a great importance for Chisinau. From 2009 Moldova benefited of approximately 1,5 billion of euro, of which about 65% are grants. If for some countries this amount might be insignificant, for Moldova this is about 7,7% of the GDP¹³. In this context, given the EU principle of More for More it is likely that if Moldova shows no progress (and usually there is little progress during elections) the financing will be decreasing.
- **Monitoring of the Council of Europe.** The Alliance for European Integration is aiming to end the monitoring of the Council of Europe and move to the post-monitoring phase. Being under the monitoring of the Council of Europe brings reputational costs and the CoE has an important role in assessing the progress on human rights, combating corruption, money laundering, etc, in the process of European integration. It is likely that after the corruption scandals and the political turmoil in Moldova, Chisinau will still stay in the monitoring phase for several more years.

¹¹ Eastern Partnership Index, http://www.eap-index.eu/sites/default/files/EaP%20Index%202012_0.pdf

¹² Eastern Partnership Visa Liberalization Index, <http://monitoring.visa-free-europe.eu>

¹³ Pentru 2013 sunt prevazute circa 200 de proiecte finantare externa, interviu cu Lucretia Ciurea, Timpul, 14.01.2013, [http://www.timpul.md/articol/\(interviu\)-pentru-2013-sunt-prevazute-circa-200-de-proiecte-cu-finanare-externa-39856.html?action=print](http://www.timpul.md/articol/(interviu)-pentru-2013-sunt-prevazute-circa-200-de-proiecte-cu-finanare-externa-39856.html?action=print)

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- **Decrease of the PR/lobby for Moldova.** For the last years, Chisinau benefited from an incredible lobby from the EU and its member states. Already since few months, the messages coming from EU are having positive but a slightly different accent. In spite of saying that Moldova is the best in the Eastern Partnership, as the EU used to say until recently, Brussels is stating that it hopes that Moldova will overcome the political crisis, that the corruption will be curbed, etc. The current crisis will have serious impact on the level of trust in Moldova as a capable country to act efficiently on the European integration path. The ENP country progress report for 2012¹⁴, despite the fact that it could be still considered positive, already seems to have a more reserved tone.
- **Change of the foreign policy vector.** In case the early elections will be held, it is unlikely that a new Alliance for European Integration will be formed. According to the preliminary research, none of the political parties will hold the majority in the parliament. Therefore, a future alliance will most likely be created with the participation of the Communist party as the main actor. This is an unfortunate scenario for the European integration given the fact that Vornin and his party have openly showed sympathy toward the Customs Union. The change of the foreign policy vector directed to the Eurasian Union will be difficult to realize, given the fact that a large amount of assistance is offered by the EU, including budgetary support. For the Communist party the best would be to balance between the EU and CU, as Ukraine has been doing for some time, as this is the best environment to do business as usual and to remain friends with everyone.

Implications for Eastern Partnership

- **Eastern Partnership without a success story.** The EU needs desperately a success story in the eastern neighborhood otherwise the effectiveness of the EU policy in the EaP region might be seriously questioned. Moreover, Commissioner Stefan Fule, who made a considerable effort in helping the EaP states to implement reforms, has one more year in the office and he wants and deserves a success. But the EU will not accept a success at any price. Thus, if Moldova will do badly than for the EU it will be difficult to present it as a success at the Vilnius Summit.
- **Discouraging regional competition.** The EU success story in the EaP is needed not only for the EU itself but also for steering a healthy competition in the Eastern Neighbourhood. Since 2010, the EU has been constantly presenting Moldova as an example to the rest of the EaP members as the best student while now it would be very difficult to encourage any other EaP state given the fact that all of them experience certain problems concerning the development of democracy.

Implications for Transnistrian settlement and the OSCE presidency of Ukraine

- **The change of the government will not bring significant change.** For leaders in Tiraspol, it is not really important who is in office in Chisinau but also the idea that is promoted by Chisinau. As the recent history has shown, the parties from the AEI and the Communist party are not ready to surrender too much to the so-called officials from Tiraspol.
- **Playing the card of «no partner».** Political instability has been always used by Tiraspol to argue the refusal of certain proposals. Let's remember the period of 2009 and 2010 when parliamentary elections were held 3 times in Moldova. The former leader of Transnistria Igor Smirnov was saying

¹⁴ ENP Country Progress Report 2012 – Republic of Moldova, 20/03/2013, http://europa.eu/rapid/press-release_MEMO-13-252_en.htm

that they do not want to discuss with Moldova given the fact that there is no stable government in the office and they don't understand who are their partners.

- **OSCE presidency on stand-by.** The work at the expert level can be done notwithstanding the political situation in Moldova. However, the expert conclusions should be backed up and supported by the political agreement, which is most likely not possible without a government with full mandate. In case of early elections, the OSCE presidency of Ukraine in regard to Transnistria will become void. Moreover, it seems that politically the issue of Transnistria is not really important for political stakeholders in Moldova. The evidence of this is the fact that the issue of Transnistria was not discussed even once at the Coordination Council of the Alliance for European Integration.