

# **COLD WINTER: HOW THE EU CAN HELP MOLDOVA SURVIVE RUSSIAN PRESSURE AND PROTECT ITS DEMOCRACY**

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## **SUMMARY**

- Russia has long used gas prices and supply to put pressure on Moldova. It did so again when the country elected pro-European president Maia Sandu in 2020 and her parliamentary majority in 2021.
- Moldova occupies a significant geostrategic position with regard to the war in Ukraine, as a key ally and neighbour to that country's immediate west.
- The Moldovan government has made some progress on its reform agenda, all while dealing with the impacts of the war, including looking after refugees and handling increased transit of goods across its territory.
- If the government can get through this winter, in 2023 it should be able to further diversify its energy options and make stronger progress on reform of the judiciary, defence, and security.
- The EU should support the Moldovan government in its endeavours. The country remains highly vulnerable to Russian pressure but financial assistance in the short term and support for reform in the long term will help it make progress, including towards eventual EU membership.

# Introduction

Moldova's new reformist government came to power in August 2021 under President Maia Sandu, promising to clean up Moldova after years of corruption and deepen relations with the European Union. Since that time, it has faced a succession of crises, all of which are connected to Russia. Within weeks of the new government taking office, Moscow hiked gas prices, forcing Chisinau to declare a state of emergency. From February 2022, Moldova then had to prepare for a potential direct security threat to its territory as Russian forces in Ukraine advanced towards Odesa, amid rumours of a second front opening up in the breakaway Moldovan region of Transnistria. And, by the end of May, 471,000 Ukrainian refugees had entered the country, the highest per capita number in Europe; 87,700 Ukrainians have since stayed. The country is struggling with 34 per cent inflation, and 63 per cent of Moldovans are deemed by the United Nations Development Programme to be in energy poverty.

Stoking unrest and creating difficulty for Moldova will always be a useful tactic for Russia, which is well versed in generating destabilisation opportunities for itself across the former Soviet Union and beyond. The direct military threat from Russia has receded for now; but a second energy crisis began when Russia reduced gas supplies to Moldova by 30 per cent on 1 October 2022, then 40 per cent in November this year. Chisinau has also struggled to diversify its electricity supply, which it historically sourced from Transnistria or Ukraine. Moreover, this year Moscow-backed opposition forces have mounted protests calling for the government's resignation, exploiting grievances over the economy and energy prices.

Moldova is by no means out of the woods in terms of its security. Therefore, just as the EU should adopt a 'long war' approach to the support it gives Ukraine, so it should recognise Moldova's pivotal location in that conflict, alongside the country's increasingly solid pro-European orientation. It should consider how to provide long-term support to secure Moldova's position and strengthen its domestic institutions.

Indeed, despite the challenges of the last year the Moldovan government retains significant reform ambitions, and in June the EU granted Moldova candidate status – something which would have been unlikely were it not for Russia's aggression. Reform in Moldova and the war in Ukraine are therefore tightly intertwined, and European assistance in addressing these will also be closely linked and mutually reinforcing.

Ever since taking office, the government has had to operate in a sort of survival mode, dealing with its own pro-Russian opposition and powerful oligarchic networks, responding to covid-19, and now handling the effects of war next door. Exiting this survival mode will be all the easier if the government can also make demonstrable progress beyond its original reform

agenda. The EU and its member states should offer their support to the Sandu government in the crucial two years before the next presidential election, not only for Moldova's own benefit but in support of a stable and secure Europe more broadly. This paper sets out how European decision-makers can do this. Throughout, it draws on interviews with political leaders and experts in Moldova carried out by the author in September 2022.

## Reform in Moldova

Moldova's first post-independence reform wave came when the Alliance for European Integration replaced the old Communist Party in power in 2009-10, only to be hollowed out by local corruption networks. Two notorious financial scandals subsequently rocked the country. In 2014, \$1 billion was siphoned out of three Moldovan banks (Banca de Economii, Unibank, and Banca Sociala), which at the time totalled around an eighth of national GDP. Moldova was a key part of the 'laundromat' scheme, whereby tens of billions of dollars disappeared offshore, mostly originating from Russia. To this backdrop, Sandu has long made the battle with corruption her focus. When she first ran, unsuccessfully, for the presidency in 2016 she set out a reform programme to tackle this. Following the arrival of the new government in August 2021, expectations for change were therefore high.

The principal beneficiaries of corruption in Moldova were oligarchs who had long dominated the country's governments. These included Vlad Plahotniuc, at least until 2019 when his front party, the Democrats, failed to fully rig the parliamentary election. That year, Sandu was briefly prime minister for five months but had to form a short-lived coalition with the pro-Russian Socialist Party, which then allied with remnants of the old regime to eject her from office. Sandu finally triumphed with 57.7 per cent of the vote in the presidential election in November 2020, against 42.3 per cent for the incumbent, the Socialist Party leader Igor Dodon. Even then, Sandu had to cohabit with the outgoing parliament, but she successfully forced an early election to break this impasse. In the July 2021 general election, her Party of Action and Solidarity (PAS) won 52.8 per cent of the vote and 63 out of 101 seats. The Socialists won 27.2 per cent and 32 seats in alliance with the Communists. The Moscow-backed Shor Party – named after another controversial oligarch involved in the banking scandal, Ilan Shor – won 5.7 per cent and six seats.

Despite some observers labelling the events of 2009-10 the "Twitter Revolution", Moldova has always had a gradualist approach to reform. This is in contrast to, for example, Ukraine with its Orange Revolution in 2004 and Revolution of Dignity in 2014, or Georgia's Rose Revolution in 2003. Central to this approach has been the commitment in Moldova to due process. Reformers have avoided cutting corners when providing a legal reckoning to figures from the

old regime. Oligarchs kept their property, including media outlets. This was different to Ukraine's securitised approach before the war began in February 2022, whereby President Volodymyr Zelensky pursued so-called 'deoligarchisation' by levelling treason charges and organising the programme through the National Security and Defence Council rather than through the courts.

Nevertheless, from 2021 onward, public opinion and pro-European independent media became impatient with the pace of change: reform to entrenched post-communist vested interests was slow and difficult. And the government found the odds stacked against it, with the outgoing regime retaining many inbuilt advantages, especially control of the judiciary and numerous media outlets. These remained key blocks. Since the start of Russia's war on Ukraine, Moldova has made some progress in these areas. The war has also prompted a new focus on the country's defence and security, but the government has considerable work still to do in these domains too. Overall, the war has diluted its capacity to enact reform.

## Judiciary

Moldova's judicial system was thoroughly taken over and corrupted during the period of oligarch-Socialist government. Unfortunately, Western advice about judicial independence has created what the country's foreign minister Nicu Popescu calls "high walls for a hyper-corrupt system" – whereby judicial independence has made it difficult to remove corrupt judges.[1] Still, many of those accused of corruption took the new government's intentions seriously enough and fled Moldova. Plahotniuc had already left, in 2019, first for the United States, and then Turkey; Shor is in Israel; and Gheorghe Cavcaliuc, Plahotniuc's man in the police, went to London. Dodon was placed under house arrest in May 2022, on four charges including corruption and treason, and was indicted on 7 October 2022.

Nevertheless, some of the accused have been able to use 'pocket' courts to win their freedom, endlessly delay proceedings, or in a particular local tactic known as a "merger of affairs" to switch a case to another court, so that it has to begin again from scratch. The only significant figure in jail was Veaceslav Platon, who was released to give evidence against Plahotniuc; but he promptly fled the country. In October 2022, the US accused Plahotniuc, Shor, and seven others of "capturing and corrupting Moldova's political and economic institutions" and "acting as instruments of Russia's global influence campaign".

To speed up progress on this, in April 2022 the Moldovan government began "pre-vetting" around a hundred top judges and prosecutors in the Superior Council of Magistracy and the Superior Council of Prosecutors. This process was overseen by a six-person commission appointed by parliament, three of whom had been recommended by international

development partners. Similar plans are in train to clean up the National Institute of Justice, which trains judges and prosecutors. The government aimed to start at the top, in order to break up clan networks, with pre-vetting to be followed by new elections in parliament to the Supreme Court of Justice. This approach could be then extended to all judges. In addition, the chief prosecutor, Alexandr Stoianoglo, was arrested in October 2021 and replaced by Dumitru Robu, in part because he had previously released Platon. An outsider, Veronica Dragalin, a US assistant attorney of Moldovan origin, was made chief prosecutor of the Anti-Corruption Prosecutor's Office in June 2022. Overall, judicial reform will take three to five years – a timeframe that does not fit the next elections, so Moldova will need help to accelerate. [2]

## Parties and media

Moldova's oligarchs began to lose influence after Russia's all-out invasion of Ukraine. And signs have emerged that the old oligarchic media is a declining asset, with money short, owners abroad, and old schemes based on pumping money from state corporations, particularly for adverts, having ceased to operate. That is not to say that the oligarchs' influence is now completely diminished. Reporters Without Borders this year found that Moldovan media was still marked by "excessive influence by oligarchs. Major media, such as *TV6*, *NTV Moldova* and *Prime TV*, are in the hands of political leaders". [3] And two of the main pro-Russian television channels were transferred to an associate of Shor in September 2022, which hardly demonstrates a loosening of Russian influence.

Still, Prime TV has had to lay off staff and its ratings are down. The Audiovisual Council, which since the end of 2021 has had new management as part of the Sandu government reforms, is now stricter about objectivity and balance in the media. Previously, oligarchic television was fond of simply relaying online and social media as news, much of it fake; now outlets have to meet higher standards. These standards have slowly improved, not least thanks to the issue of small fines, which caused media owners to worry about losing their licences. New independent television, such as *Zhurnal* and *Pro TV*, is lively, even if it largely preaches to its already pro-European audience. It produces little content in Russian for local Russian speakers.

Oligarchic media and their "toxic functions" have moved online, however, rather than disappearing from the scene; regulatory supervision of online output is practically absent. [4] To protect their interests and undermine the new government, oligarchs have "started to invest in alternative politics, disinformation and media". [5] Telegram and TikTok have become key channels for Russian and oligarchic disinformation, as have online influencers. Slick new pro-Russian platforms have also emerged, such as *Morar News* and *Morar Life*, set up by a former frontline pro-European journalist who switched camps, full of fake 'experts'

pedalling anti-Sandu lines.

Once Russia's war on Ukraine began, much of the population, especially Russian speakers, including the Gagauz, continued to consume the rest of Russian media, particularly online. One-quarter of the population in Moldova believed aspects of the Russian war narrative, including 26 per cent who backed the myth of a "special military operation," while two-thirds agreed that Russia was at war with Ukraine. A smaller number, 15.2 per cent, backed the myth that Russia was "liberating Ukraine from fascism". Russophile sentiments declined as the nature of Russian aggression became clear. It then picked up again with a certain amount of war fatigue.

Moldova's oligarchs still influence the Socialists and the Shor Party. They have also hedged their bets with new 'political technology' party projects, such as Socialist mayor of Chisinau Ion Ceban's National Alternative Movement, and former Socialist prime minister Ion Chicu's Party of Development and Consolidation of Moldova. In part this was because, following the start of the war in Ukraine, Dodon's pro-Russian brand looked tarnished. Now they only allude to the supposed benefits of close relations with Moscow.

Using their media platforms, opposition parties criticise the president for not 'negotiating' with Russia – code for the economic dividends that Russia had previously given the Socialists, largely in the form of cheaper gas. They argue that the government's reform programme increases the burden on ordinary people. For a time, this helped shift the polls, so that by spring 2022 the Socialist-Communist alliance was back in front. The Shor Party initially sought to reap benefit by avoiding mention of the war altogether; but by the autumn it had shifted to a pro-Russian position, in part to poach Socialist-Communist voters. Overall, however, the war consolidated majority opinion. Support for EU membership rose from 52 per cent to 61 per cent by March 2022; and PAS has nudged back in front of the Socialists. The war has made it much harder for the opposition to win back power from an openly pro-Russian position.

## Defence and security

Moldova has only minimal armed forces, comprising 6,500 soldiers, despite some recent build-up through cooperation with Romania and the US. In terms of reform, it is still currently moving towards the system used in Georgia when Mikheil Saakashvili was president, in which small elite forces gained experience through participation in international operations. This has some advantages in terms of experience and interoperability, including with NATO states; but it will not contribute much to the security of Moldova. Instead, even with its limited personnel, the country needs to quickly build out a system of territorial defence, drawing on all sectors of society to be ready to mobilise in case

of a threat. Moldova remains formally neutral, and the government has no intention of seeking to change this.

The country raised defence spending twice in 2022, by 18.3 per cent in total, and the government devoted this increased funding to modernising parts of its armed forces. Moldova was already engaged in an EU cyber defence programme before the war began; the EU added €8m to the programme in May. Moldova also has valuable access to satellite intelligence at the EU's satellite centre, SatGen.

According to the country's foreign minister, Moldova was able to increase support for Ukraine only slowly: "What we've done in terms of solidarity with Ukraine in six months we couldn't have done in six days." [6] Moldovan society and institutions were not ready: they were as "unconsolidated as Ukraine's were in 2014", Popescu says. [7]

After Russia's war on Ukraine began, Moldova was confronted with a huge increase in transit traffic to and from Ukraine. Its border guard and customs administrations have only limited capacity, and equipment at crossing points is inadequate. The small size of the country means that anyone or anything crossing the eastern border of Moldova can reach the western border with the EU in less than two hours. Managing the flow of goods and people across Moldova has grown hugely in importance: Ukraine has rerouted sea exports from Odesa through Moldovan territory, including grain by train. A rail link from southern Moldova to Galati in Romania opened in July, allowing transit to bypass Transnistria. Ukraine has vastly increased oil imports through Moldova, to compensate for Russian attacks on its refineries.

The Moldovan authorities also face a security risk from illegal migration (including with the use of forged Moldovan or Ukrainian documents), human trafficking, arms smuggling, and drugs trafficking. To address much of this, the work of the EU border assistance mission and the deployment of Frontex on the Moldovan-Ukrainian border have helped Moldova face the challenges resulting from the war. Frontex deployed to Moldova for the first time in March 2022, and in September expanded to a total of 70 officers working on border surveillance and control and supporting the processing of refugees.

Building up its security will always be difficult for a small, neutral state such as Moldova. It can deal with limited challenges, but not kinetic threats.

## Russia's war on Ukraine: Threats to Moldova

In the first few weeks of Russia's invasion of Ukraine, there was a real possibility of the war reaching Moldova. Russian forces emerging from Crimea made rapid progress in Ukraine's south, threatening the Ukrainian cities of Mykolaiv and Odesa. This created the possibility of

a pincer movement together with Russian forces based in Transnistria, either towards Odesa or into the rest of Moldova. Moldova had barely any means to defend itself against such an onslaught.

The speed of Russia's initial advance drove a disproportionate number of Ukrainian refugees into Moldova – almost half a million people, mostly women and children. Moldova shares a 1,200km border with Ukraine, although it does not control the 400km segment between the Transnistrian region and Ukraine, which Kyiv closed on 28 February 2022. The Moldovan government's limited capacity to help those fleeing the conflict meant that the cost mainly fell on society, which mobilised a massive volunteer effort to house 96 per cent of the refugees in private homes and apartments. Less noticed was the number of Moldovans who left to get further away from the conflict, especially those with EU, mainly Romanian, passports. [8]

On Moscow's orders, in late April the authorities in Transnistria declared mobilisation and a state of emergency. The military force present in the region comprises three motorised battalions, one armoured battalion, and some recently mobilised light infantry. [9] None of these is well trained and the Russian officers posted in Transnistria since the local conflict ended in 1992 have embedded with local elites and corruption schemes. While Russia still provides security to these elites, their main interest is the pursuit of local entanglements in and between Transnistria and Moldova. There is no guarantee of them or Russian forces there playing a useful role for Russia in Moldova. Fears of imminent invasion or overspill into Moldova fell by April as the threat to Odesa dissipated.

Currently, lines of communication between Chisinau and Tiraspol, the capital of Transnistria, remain open. The Moldovan authorities believe Transnistria is unlikely to instigate a military action on its own initiative, and Transnistria is just as interested in its own security; it is not simply Russia's plaything. [10] Moreover, the effective end of trade between Transnistria and Ukraine has made the breakaway region dependent on supply through the rest of Moldova, especially in terms of steel exports from Transnistria. One major impact of the war for Transnistria has been that its authorities have effectively agreed an informal truce with Chisinau. One Moldovan observer describes how: "they [Transnistria] give us electricity and we give them licences for steel export [to the EU]." [11] This may further discourage the Transnistrian authorities from getting dragged into Russia's activities in the region.

On top of this, general inflation in Moldova stands at 34 per cent, pushed up by shortages deriving from loss of trade with Ukraine; only five main crossing points are currently functioning in Moldova, all being with Romania. To support citizens, this year the government offered another short-term package (after that for covid-19) to help with general inflation and energy costs, with top-ups for pensioners, people with monthly incomes under

15,000 lei, and government workers. Bills fell. But the whole package cost 5 billion lei or €250m, which was a huge sum for Moldova – the government used up a European Bank for Reconstruction and Development loan of €300m to fund it. The budget deficit now stands at 6 per cent of GDP, which is a maximum in terms of the state’s future ability to service interest payments. Internal borrowing is prohibitively expensive, as the central bank has raised interest rates to 18-19 per cent to try to contain inflation. [12]

With one-third of Moldovans having to spend more than half their income on energy bills, the risk of social unrest is real. [13] Demonstrations, genuine and orchestrated, through the summer started up again on 18 September, organised by the Shor Party. Senior officials from the party visited Moscow in September in search of political and media support. Shortly afterwards, the demonstrations evolved into a permanent camp outside the presidential administration, featuring slogans such as “No to a Cold War, No to a Cold Winter”.

Moldova remains highly vulnerable. Still, Chisinau was able to use the breathing space in the summer to implement some strategic security measures. For example, while the government initially felt the country’s economy was too weak for it to be able to adopt all sanctions against Russia, it imposed many in late April. It also banned Russian television news from (re)broadcasting in Moldova, took toxic Russian talk shows off the air, and blocked Sputnik.md. Also in April, the government prohibited the public display of Russian St George ribbons and the ‘V’ and ‘Z’ symbols.

Paradoxically, the Moldovan government has to consider the possibility of the Ukrainian army at some point launching an offensive to remove Russian forces from Transnistria, whose presence obliges Kyiv to keep troops on the border with Moldova. Ukraine could also move to seize the Cobasna ammunition depot in northern Transnistria, which is one of the largest in Europe. In such a scenario, Chisinau would face a number of difficult issues, including: how to reintegrate, administer, and police this territory; what to do with formally Moldovan citizens who worked as proxies of Russia; and how to establish transitional justice. Given the polarisation between Moldovan parties on the issue of the relationship with Russia, these questions would bear significant domestic political risks.

Now, at the end of 2022, Moldova has the opportunity for further breathing space. It should use this time to plan its continued reforms to strengthen its institutions, its security, and where possible its defence capabilities.

Above all, it needs to address its main Achilles heel with regard to Russia: energy dependence.

## Energy and Russia

Prior to February 2022, Moldova was no exception to Russia's pursuit of ratcheting up tensions with Ukraine and Europe more broadly. Russia has long leveraged Moldova's energy dependence to extract concessions on security and national sovereignty. In the run-up to the 2021 Moldovan elections, Moscow had left the old government on a short-term energy contract: if a party friendly to it came to power, it would renew the deal. Instead, it instantly tested the new government with its hike in gas prices. At the same time, Russia also pressed for military 'cooperation' with Moldova and sought to trilateralise Moldova's bilateral trade relations with the EU, calling for its association agreement to be reopened and renegotiated. Even with the Socialist government in 2020, Moscow linked a \$250m Russian loan to concessions to allow Russian firms to participate in state procurement and to nationalising private debt, although Moldova's constitutional court struck that arrangement down.

In October 2021, with the country's gas supply contract just weeks from running out, Russia demanded a price of \$790 per thousand cubic metres, up from \$550, while it cut supply by one-third. The Moldovan government introduced a 30-day state of emergency and, in haste, signed a new five-year contract. In return for a lower initial price of \$450 per thousand cubic metres, it agreed to a formula in which 30 per cent of the new gas price in winter (from 1 October to 1 April) would be based on gas spot market prices, with the remaining 70 per cent based on the oil market price. But spot market prices were high and rising, and much greater than Moldova's previous payments. In the summer months, the formula reversed to 70 per cent gas price and 30 per cent oil price, which gave the Moldovan government only temporary relief. With gas prices soaring, Moldova was actually paying more in the warmer months, up to a peak of \$1,883 by September 2022; household gas payments had gone up 250 per cent.

The reformist government had planned to unbundle the energy supply chain in Moldova as part of its implementation of the EU's third energy package. This threatened the local monopoly of Moldovagaz, which is 50 per cent owned by Russia's Gazprom and 13.4 per cent owned by Transnistria; the Chisinau government owns 35.3 per cent. The Moldovan authorities had also promised to audit Gazprom's claim that they owed it \$709m, \$300m of which was penalties. But it has delayed the unbundling, and postponed the audit, first to 1 May 2022, later extended to 1 October 2022, and now March 2023. It has, however, appointed two Western companies, in Norway and the United Kingdom, to conduct the audit. Moldovagaz has also dragged its heels, because of what an audit might reveal about its mismanagement and graft.

When Russia invaded Ukraine, with the option of military pressure on Moldova no longer

available to it following its stalled advance in the south, energy became a natural weapon of dependence for Moscow. And, despite its cautious approach, Chisinau was a vital strategic ally for Kyiv. According to Dumitru Alaiba of the parliamentary commission on budget and finances, “we know what to expect from Russia, as we are the most energy-dependent [former Soviet] country.”[14] Russia had the excuse: Moldova had struggled to meet its monthly payments to Gazprom. On 1 October 2022, Russia reduced gas supplies to Moldova by 30 per cent. The price stood at \$1,028 and the Moldovan government was forced to raise domestic tariffs yet again, this time by 27 per cent.

The option remained – and remains – for Russia to halt gas supplies to Moldova completely, although it faces a large constraint in this: it would be unable to cut off Moldova on the right bank of the river Nistru without also cutting off Transnistria on the left bank. Still, Moldovans face the prospect of a cold winter, and their government is already struggling to pay crippling energy bills. The EU’s recent announcement of €250m in support, as well as additional finance from the EBRD, should make a difference in the coming months.

## Resolving Moldova’s energy troubles

To survive the winter, Moldova needs to make progress on three aspects of its energy supply: alternatives, availability, and affordability.

In terms of alternatives, traditionally the entirety of Moldova’s gas supply comes from Gazprom – but three other pipelines are available for potential interconnection. In 2021 the government had already experimented with using the biggest of these, at Oleksiivka just over the border in western Ukraine. It successfully imported 1 million cubic metres of gas from Poland through the connection. This high-capacity route could potentially cover all of Moldova’s needs. The second alternative includes the pipeline from Iasi in Romania to Ungheni to Chisinau, which was officially completed in October 2021. This could meet 30 per cent of Moldova’s needs, although mostly in the Chisinau metropolitan area. The third option is potentially the most promising: gas from Turkey and Azerbaijan can now reach Europe through the Southern Gas Corridor and the Interconnector Greece-Bulgaria link. And the Trans-Balkan Pipeline could transport this gas further north. Moldova remains in negotiations with Azerbaijan to secure extra supply.

Moldova has other potential allies in its search for alternatives. Its close partner Romania is emerging as an energy hub for eastern and southern Europe; it is ramping up offshore gas production in the Black Sea through ventures such as its Neptun Deep drilling project. To support this, Bucharest introduced a more favourable energy tax regime in summer 2022. Neptun Deep should become fully operational in 2026. Romania could also exploit natural gas deposits

in the Carpathian Mountains. In 2022, Moldova arranged for two weeks' worth of gas reserves to go into Romanian storage. There was even the possibility of Moldovan participation in Romania's purchase of small modular nuclear reactors from the US. The US could also contribute to supplies of liquefied natural gas (LNG).

Moldova's second challenge is availability, given that the rest of Europe is also trying to source extra gas, to build storage for the winter and diversify away from Russian gas. Recent good progress on storage and on LNG imports should make more gas available. But the final and biggest problem for Moldova is affordability. Any purchase of gas on the open market is at a vastly higher price than Moldova has been used to.

The Moldovan government has used 2022 to prepare measures to help the country through a potentially difficult winter. These included purchasing mazut, a cheap residue oil, for most buildings in Chisinau on central heating, and supplying wood and coal to the countryside. Universities planned for a long Christmas closure.

But the government's position with Transnistria could be storing up complications for the future. In the past, the region got its gas from Russia for free; or, rather, the debt was loaded on to the Moldovan government. If in the near future Chisinau succeeds in buying gas for the whole of Moldova from sources other than Russia, then Sandu has said that Transnistria would be expected to pay its share. This will threaten the uneasy equilibrium established between Chisinau and Transnistria amid the war.

Still, if the government can get through the winter, it will benefit from work it has already done to quietly remove "all the legal obstacles to unbundling" the gas sector. [15] Despite the challenges to reform, Moldovagaz is becoming more transparent and open to regulation. This could help combat the company's many unlawful practices – and make it difficult for Gazprom to continue to use the company to place political pressure on the Moldovan government. Alaiba even claimed confidently that "next year it will be goodbye to Gazprom". [16]

## Electricity

Similar, if not greater problems, apply to Moldova's electricity requirements. Traditionally, Moldova produces only 25-30 per cent of its own needs and would normally buy 70 per cent of the rest from the Cuciurgan power plant in Transnistria (unfortunately also produced with Russian gas). The remaining 30 per cent came from Ukraine. Moldova has purchased more from Ukraine in the past, but Russia's occupation of the Zaporizhzhia nuclear complex, which Ukraine relies on for one-quarter of its own electricity, and attacks on that country's power

supply mean this is no longer an option. Ukrainian electricity is also currently four times more expensive than the Cuciurgan price, because Transnistria's gas bill is passed on to Moldova's state debt.[17] Moldova has made less progress towards diversifying its electricity than it has with gas. A project backed by the World Bank to build a high voltage electricity line to Romania is three years from completion.

## Recommendations

Moldova's government is facing challenges greater than any of its predecessors. Moldova is not only a collateral victim of the war in Ukraine; Russia's energy leverage is clearly part of its hybrid war against more than just Ukraine. But the Moldovan government is still seeking to implement its original agenda, and the difficult geostrategic context only provides greater reason for it to do so. As foreign ministry senior adviser Stela Leuca put it, "a big portion of how we operate is survival mode, but that doesn't take away from our strategic, reform commitment".[18] The government has to focus on security, manage multiple crises, mitigate the social and economic impact on citizens, make progress on becoming a member of the EU, level the playing field with the opposition through media and judicial reform, and deliver on its original programme of justice and anti-corruption.

Moldova under the Sandu government in 2022 endured a hot spring and a cooler summer; now it faces a cold winter. But if it can continue to pay for the gas it needs to get through to next spring, the reforms the government has managed to enact so far – on corruption, on the media, and on energy – mean that it could have some significant political breathing space in 2023. PAS controls the executive and legislature, but the judiciary remains captured by oligarchic influences. Still, there are two years before nationwide elections are due (although local elections are scheduled for 2023) and the government has a stable majority.

The government needs international support to help it deliver as many reforms as possible by the elections in 2025. There are two dimensions to the energy crisis in Moldova: the international one (dependence on Russian gas and Transnistrian electricity, which is more or less the same problem) and the domestic one (the social consequences and potential destabilising effect). The EU needs to consider both short-term actions – financial assistance to help Moldova purchase gas on international markets if needed – and long-term actions, speeding up interconnection with EU energy networks, as well as supporting renewable energies and increasing energy efficiency in the country. Moldova's energy supply diversification will accelerate: its trajectory is such that there is now no going back on this. But the government and European donors need take steps to progress this as quickly as possible. Otherwise, Moldova will keep using resources on short-term solutions without

investing in long-term ones that could increase its energy independence and resilience. Without financial support to make up the energy supply shortfall, this will remain a weak spot for Russia to press: an unstable Moldova could affect Ukraine, were Russia to attempt to create new fronts to relieve the pressure of the counter-offensive it is facing in eastern Ukraine, or at any other future stage in the war, which is set to continue for some years.

In terms of its defence and security, Moldova needs to switch approach and build a consistent system of territorial defence, with an efficient reserve system as well as regular training. To assist in this effort, the EU should offer help on officer and NCO training modernisation, and it should extend its training mission for Ukraine to Moldova. In the current context, the EU should also consider establishing a “security compact” with Moldova, under which it can provide security assistance in a range of areas including intelligence, cyber security, and defence capabilities.

With regard to the EU integration process, Moldova needs urgent support from the EU to expand its institutional capacities to handle the onerous technical integration process. The EU also needs to help Moldova become a successful example of its heavily criticised enlargement policy. To achieve this, it needs to increase cooperation with Moldova in key areas and help it achieve faster progress on reforms. As one recent ECFR publication recommended, this is possible if Moldova and other EU candidate countries benefit from increased financial assistance on energy and infrastructure projects, integration into the single market, and stronger cooperation on security and defence.

The EU can also do more to support Moldova to manage its borders effectively. It can provide capacity building for the customs service and the border guard.

Finally, EU member states should draw lessons from the way that the Moldovan authorities have so far managed this crisis. They have navigated a way through with only limited capacities, and combined a deep sense of humanitarian responsibility with a sharp understanding of the security challenges they have had to deal with. The will to reform is there; Moldova’s European friends should ensure it also possesses the means.

## About the author

**Andrew Wilson** is a professor of Ukrainian studies at UCL School of Slavonic and East European Studies.

# Acknowledgments

Thanks go to Adam Harrison for editing this policy brief and to Tefta Kelmendi for organising the visit to Moldova.

[1] Face to face ECFR interview with Nicu Popescu, Chisinau, 13 September 2022.

[2] Face to face ECFR interview with Iulian Groza, Chisinau, 15 September 2022.

[3] Face to face ECFR interview with Valeriu Pasa, Chisinau, 16 September 2022.

[4] Face to face, ECFR interview with Valeriu Pasa, Chisinau, 16 September 2022.

[5] Face to face, ECFR interview with Valeriu Pasa, Chisinau, 16 September 2022.

[6] Face to face ECFR interview with Nicu Popescu, Chisinau, 13 September 2022.

[7] Face to face ECFR interview with Nicu Popescu, Chisinau, 13 September 2022.

[8] Face to face ECFR interview with Stela Leuca, Chisinau, 15 September 2022.

[9] Face to face ECFR interview with Moldovan Ministry for Reintegration officials, Chisinau, 3 October 2022, and Moldovan Ministry of Defence officials, Chisinau, 4 October 2022.

[10] ECFR interview with Moldovan government officials, Chisinau, October 2022.

[11] Face to face ECFR interview with Iulian Groza, Chisinau, 15 September 2022.

[12] Face to face ECFR interview with Dumitru Alaiba, Chisinau, 16 September 2022.

[13] Face to face ECFR interview with Dumitru Alaiba, Chisinau, 16 September 2022.

[14] Face to face ECFR interview with Dumitru Alaiba, Chisinau, 16 September 2022.

[15] Face to face ECFR interview with Dumitru Alaiba, Chisinau, 16 September 2022.

[16] Face to face ECFR interview with Dumitru Alaiba, Chisinau, 16 September 2022.

[17] Face to face ECFR interview with Iulian Groza, Chisinau, 15 September 2022.

[18] Face to face ECFR interview with Stela Leuca, Chisinau, 15 September 2022.

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