

# 2021: TIME TO UPGRADE US-MOLDOVA RELATIONS

POLICY BRIEF

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## EXECUTIVE SUMMARY

Considering the start of a new political cycle both in Washington and Chisinau, time is ripe for a major upgrade in US-Moldova relations. But partnerships are truly sustainable if they are a two-way street. Moldova can, of course, continue being a major beneficiary of US support, but it is important for it to bring more to this bilateral partnership as well.

An upgraded US-Moldova partnership could rely on even stronger US support for the rule of law and anti-corruption efforts: the fight against money laundering, investigations of financial crimes, recovery of stolen assets, increase the efficiency and reform of the justice sector. The US and Moldova should deepen their cooperation in the field of security by seeking ways to intensify institutional partnerships between their respective security sectors on several policy fronts such as cyber security, defense cooperation and intelligence matters. Continued support for civil society and independent media, not least through medium and long-term institutional funding, will play a key role in defining the extent of success of reforms in the following years. Should Moldovan authorities be able to pursue several years of sustained anti-corruption reforms it is important for both parties to look into ways to open the possibility for Moldova to benefit from a second Millennium Challenge Corporation program.

But all of the above will only be sustainable if Moldova also plays its part in the bilateral partnership with the US. A truly efficient US-Moldova partnership will depend on Moldova's ability to contribute either through increased peacekeeping contributions to UN-mandated operations, intensified cooperation or better coordination on addressing global challenges.

## INTRODUCTION

The United States (US) has been one of Moldova's most reliable partners since the country's independence. It has consistently supported Moldova's democratic transformations, its efforts to fight against corruption, and the country's aspirations for European and Euro-Atlantic integration. This support has been mostly driven by the geopolitical interests of the US in the region. Moldovan political elites have not been always able or willing to reciprocate.

Under President Igor Dodon's four-year mandate, little progress has been achieved in portfolios of common interest for cooperation. The registered backsliding on key reforms has gradually isolated the country internationally. But now with both Moldova and the US having elected new presidents, there is a window of opportunity to revive and refresh the US-Moldova bilateral relations.

President-elect Maia Sandu seeks to take Moldova out of the international isolation that the country found itself in again after a short intermission last year when she became Prime Minister (June-November 2019). Moreover, fighting corruption and reforming the judicial system are among her top domestic priorities for the next four years. The new US Administration under President-elect Joe Biden is also expected to continue monitoring and supporting democratic reform progress in Moldova. On November 17, the Under Secretary of State for Political Affairs, David Hale, re-affirmed the US commitment to advancing cooperation with Moldova on shared priorities including the rule of law, combatting corruption, fostering economic growth, and supporting Moldova's sovereignty and territorial integrity in a call with President-elect Sandu.<sup>1</sup>

Expectations from this re-start, however, need to be calibrated. On the one hand, it is clear that the American primary geopolitical interests are spread across several regions. On the other hand, the Moldovan foreign policy will also continue to be affected by domestic political turbulences. Even beyond that, the full potential of US-Moldova cooperation can only be achieved if Moldova is successful in fighting back corruption and also finds the political will and resources to start being a greater contributor to regional security. All partnerships are only sustainable if they are a two-way street. A truly efficient US-Moldova partnership will also depend on Moldova's ability to contribute either through increased peacekeeping contributions, intensified cooperation or better coordination on global challenges such as the environment or digital developments.

Considering the beginning of a new political cycle both in Washington and Chisinau, this policy brief aims to analyze where relations stand as of today, and how these can be improved during the next four years to strengthen the partnership between the two countries.

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<sup>1</sup> <https://www.state.gov/under-secretary-hales-call-with-moldovan-president-elect-sandu/>

## 1. THE POLITICAL PARTNERSHIP

Moldova's political partnership with the US has been based on the support the country has received to strengthen democratic institutions, to support the sovereignty and territorial integrity of the country within its internationally recognized borders, to strengthen its economic growth and competitiveness, and to improve the business climate.

Since 1992, the US has provided over \$1.5 billion in assistance.<sup>2</sup> Within this total amount, it is worth mentioning that Moldova has also benefited from \$262 million only from the Millennium Challenge Corporation compact for economic development and investment projects in irrigation infrastructure, high-value agricultural production, and road rehabilitation. The US currently provides around \$25 million per year.

The US-Moldova Strategic Dialogue was launched in March 2013. It aims at strengthening relations between the US and Moldova primarily in the field of security to assist Moldova in overcoming domestic and international challenges. Its implementation, however, has been put on hold. The current institutional framework offers the format to consolidate bilateral cooperation, particularly in five areas for strengthening rule of law and good governance. This includes conducting justice sector reform, strengthening anti-corruption institutions, promoting a free and vibrant media environment and civil society, improving transparency of the governance process, and defending human rights.

In September 2019, President-elect Sandu who at the time held the Prime Minister's office, paid an official visit to Washington where she promised to consolidate the relations with the US. The action points that the two sides agreed to follow up upon were put on hold with the dismissal of the Sandu government later that November.

## 2. A PARTNERSHIP FOR SECURITY

Compared to other countries in the region, like Ukraine or Georgia, which have declared aspirations to join NATO (let alone NATO member states like Romania), Moldova has had much less cooperation on military, security and intelligence matters with either the US or other NATO member states. Moldova's status as a neutral country since 1994 certainly inhibited cooperation on security matters with other states, including the US.

Both the US and Moldova share significant security interests. Moldova, even as a neutral country, needs strong security institutions that help sustain its independence and sovereignty. The US has strong interests in seeing the immediate neighborhood of NATO as stable and resilient as possible on the security front. That is why, despite its neutrality, Moldova still has developed very good and dynamic relations on selective security and military matters with the US and NATO's Partnership for Peace program.

Even more so, it seems that few countries on the European continent come close to the degree and intensity of cooperation that the US and Moldova have developed in military affairs. Most European Union member states either lacked the interest to invest in developing substantial military-to-military links with Moldova, or if they had such an interest (which applies mostly to some Central and Eastern European states), did not dedicate significant resources to this partnership for reasons related to their relatively small size and

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<sup>2</sup> <https://www.csis.org/programs/european-election-watch/moldova>

limited military budgets. Due to these factors the US has offered the highest levels of assistance or has been able to have the most military exchanges for, or military education programs with the Moldovan military than almost any other state in the world.

Under the US Foreign Military Financing (FMF)/Foreign Military Sales (FMS) and Excess Defense Articles (EDA) programs the Moldovan army has received assistance from the US in the form of trucks, Humvees, winter cloths, Kevlar helmets, parachutes, laptops, medical equipment, gym equipment, night vision equipment, and other non-lethal items.

For example, between 2010 and 2016 such US assistance to the Moldovan army amounted to circa MDL 260 million (which equaled nearly \$20 million at the time). These numbers might not seem very high but given that no other states matched such levels of assistance to the Moldovan military, this US support for the Moldovan army has been very visible and important for the strengthening of bilateral relations.<sup>3</sup> In late 2020, the US even appointed a full-time advisor collocated within the Moldovan Defense Ministry with a view to help the Moldovan army modernize and reform. This suggests unprecedented levels of mutual trust between the US and Moldova in this sensitive domain.<sup>4</sup> A key element of the bilateral relationship has been the twinning partnership between the state of North Carolina and Republic of Moldova, launched in 1999. While most of this partnership has been focusing on cultural, economic or educational projects, there have been also links between North Carolina and Moldova law-enforcement agencies as well.<sup>5</sup>

Another field where the US has invested important resources into cooperating with Moldova is the intelligence realm. For obvious reasons, not much is known about cooperation in this domain. But what is likely, is that whereas Moldova's most other international partners lacked the resources or the political will to engage in cooperation in this field, the US has positioned itself as a good partner for Moldova. The same applies to the domain of cyber security. This in itself is a new field of cooperation between states. Nonetheless, the US and Moldova have started to develop a dialogue on mutual cooperation in cyber security, partly managed by MITRE Corporation, a US government funded non-profit organization.<sup>6</sup> While such a dialogue remains somewhat nascent, there is clearly shared interest in developing it.

Another dimension in which the US and Moldova have worked closely with each other has been the conflict settlement process round the Transnistrian region. Throughout the 1990s and most of the 2000s the US was not an official mediator in the conflict settlement process. Nonetheless, it played an active role through the OSCE.<sup>7</sup> Since 2006 the US has also become a formal member of the so-called 5+2 format – a negotiations vehicle between Moldova, the self-proclaimed authorities from the Transnistrian region, as well as Russia, Ukraine, the OSCE, the EU and US as mediators. In this process, the US has been a strong supporter of Moldova's territorial integrity as well as of confidence building measures between the two banks of river Nistru.

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<sup>3</sup> Interview with senior former official from the Ministry of Defense of Moldova, 25 November 2020.

<sup>4</sup> <https://www.army.md/?lng=2&action=show&cat=122&obj=6662>

<sup>5</sup> [https://www.sosnc.gov/divisions/moldova\\_partnership/projects](https://www.sosnc.gov/divisions/moldova_partnership/projects)

<sup>6</sup> <https://www.mitre.org/publications/project-stories/mitre-strengthens-cyber-capacity-of-developing-nations>

<sup>7</sup> For a long while the heads of the OSCE mission in Moldova have been American nationals.

### 3. US SUPPORT FOR DEMOCRATIZATION

Moldova has continuously benefited from the US bipartisan support in the process of democratization of the country. The assistance provided aims to help Moldova strengthen its democratic institutions, increase economic prosperity, secure its internationally recognized borders, and integrate in European and Euro-Atlantic institutions.

Similar to US's position on Ukraine, we may expect the new administration to identify corruption as the main security risk for Moldova as well. Biden's approach towards Ukraine during 2014-2016 was that whatever the assistance from the US and the West was, the fate of Ukraine is in the hands of Ukraine itself.

Under the next US Administration, Moldovan authorities may expect an increased support for the area of democracy promotion, but also stricter conditionality measures in areas such as the fight against corruption, the investigation of high-level graft cases, monitoring of justice system reform, promotion of an independent media environment, and respect for fundamental human rights. It is very likely that the track record on the implementation of reforms will become the main basis for the future US-Moldova relations.

### 4. LOST OPPORTUNITIES

Despite a relationship that has been largely positive, the US-Moldova ties have also been littered with multiple lost opportunities. The relationship has been driven by a two-steps forward, one step-back dynamic. As Moldovan governments alternated between reformist and less reformist ones, as well as leaders who were more open to engagement with the US and more circumspect, the relationship has had its ups and downs. On the economic front, Moldova's lackluster business climate, corruption (as well as its size and geographic distance from the US) certainly hampered investments and trade with the US.

Another lost opportunity has been Moldova's inability to benefit from a second round of massive US economic assistance from the Millennium Challenge Corporation because of Moldova's high corruption levels. The issue has been discussed but before considering more US assistance, the US needed several years of progress in the fight against corruption – which Moldova has not been able to sustain so far. In 2019 the country held the 120th place on the global Corruption Perception Index, making it one of Europe's most corrupt states.<sup>8</sup>

Moldova's own modest investment in its own military and security capacities is another factor that limited the potential of US-Moldova cooperation on security and defense matters. In the last ten years, Moldovan defense spending alternated between 0.3% and 0.4% of the GDP, putting Moldova among the countries that spend the least as share of GDP (including in absolute numbers) on defense.<sup>9</sup> This limited Moldova's capabilities to be an active partner in international security partnerships (even as a neutral country).

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<sup>8</sup> <https://www.transparency.org/en/cpi>

<sup>9</sup> SIPRI data

<https://www.sipri.org/sites/default/files/Data%20for%20all%20countries%20from%201988%E2%80%932019%20as%20a%20share%20of%20GDP.pdf>

## CONCLUSIONS

The near simultaneous election of Joseph Biden and Maia Sandu to the presidencies of the US and Moldova certainly presents a new beginning. The US president is likely to be more interested in Eastern European affairs than his predecessors, and the new Moldovan president is certainly going to lead a much more active international outreach, not least vis-à-vis the US. Even though the Moldovan foreign policy will continue to be affected by the fact that the president and the government come from different parts of the political spectrum and might have a degree of potentially tense cohabitation for a while, it is still clear that there are more opportunities for the future of US-Moldova cooperation than in recent years.

It is in the national interest of Moldova to pursue this opening. Moldovan authorities need to develop a national action plan that would detail the main expectations, directions of cooperation that it wants to pursue with the US, how it intends to pursue them, and the support it would require to do so. The size of the country could perfectly play in its advantage when it comes to pursuing concrete, pragmatic goals in fields such as rule of law and anti-corruption reforms. This could help the country rebuild itself as a success story of anti-corruption for the entire region, with US and EU support.

## RECOMMENDATIONS

In terms of concrete ways forward, there are several avenues for sustained future cooperation that are likely to open new opportunities for intensified US-Moldova relations. These are particularly in the realms of good governance, security, civil society and mass-media that we detail below as recommendations.

### *Good governance*

- Moldova would benefit significantly from strong US and broader international support to its whole spectrum of anti-corruption efforts: the fight against money laundering, investigations of financial crimes, recovery of stolen assets, increase the efficiency and credibility of the General Prosecutor's Office.
- Continued US diplomatic, political but also capacity building support for the reform of the judicial system needs to remain a key priority. The US, for instance, could help educate a new generation of independent judges and prosecutors in the spirit of democratic societies.
- Another important avenue is the strengthening of the institutional framework for political party finance and the development of adequate oversight capacity respectively for its implementation, not least when it comes to illicit campaign and party finance.
- Should Moldovan authorities be able to pursue several years of sustained anti-corruption reforms it is important for both parties to look into ways to open the possibility for Moldova to benefit from a second Millennium Challenge Corporation program.

### *Security*

- The Moldovan president has prerogatives as chair of the country's National Security Council overseeing the work of the security sector. It would be useful for the US and Moldova to deepen cooperation in this field by seeking ways to intensify institutional partnerships between Moldova's security sector and the US on several policy fronts such as cyber security, defense cooperation and intelligence matters.

- The US could consider boosting capacity building assistance for the Moldovan law-enforcement and security sectors, including to prevent and counteract hybrid security threats.
- Moldova should look for ways to be a stronger contributor to international security efforts, not least by playing a more active role in international peace support missions under UN mandate.
- Both the US and Moldova have a stake in seeing the European Union and its member states also play a much stronger role in developing and intensifying security cooperation and assistance to the Moldovan security sector. The efficiency of these measures would be much greater if the EU also played a more active role in this field.

#### *Civil society and mass media*

- Continued support for civil society and independent media, not least through medium and long-term institutional funding, will play a key role in defining the extent of success of anti-corruption reforms in Moldova in the following years.
- There is ample scope to improve the legislative framework and help civil society strengthen democratic resilience and fight disinformation and manipulation.

#### *Education*

- Moldova could benefit from US support to reform and strengthen its educational system via the support of increased numbers of exchanges of students, teaching staff, policymakers, and public servants in key institutions.
- The US could help support the opening of an American university in Chisinau to serve as an institution of excellence and higher education research for the entire region.

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