

What can explain the varying progress of Moldova towards European integration over time?

Master Thesis in Public Administration

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List of Abbreviations

AA	Association Agreement
AEI	Alliance for European Integration
ATP's	Autonomous Trade Preferences
DCFTA	Deep and Comprehensive Free Trade Area
DPM	Democratic Party of Moldova
CIS	Commonwealth of Independent States
EaP	Eastern Partnership
EC	European Commission
EEC	Eurasian Economic Community
ENP	European Neighborhood Policy
EU	European Union
GDP (per capita)	Gross Domestic Product (per capita)
HDI	Human Development Index
IFI's	International Financial Institutions
IMF	International Monetary Fund
LDP	Liberal Democratic Party
LP	Liberal Party of Moldova
NATO	North Atlantic Treaty Organisation
OSCE	Organisation for Security and Co-operation in Europe
PCA	Partnership and Cooperation Agreement
UNDP	United Nations Development Programme
WTO	World Trade Organisation

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Introduction

After the collapse of the Soviet Union, many newly independent states found themselves in a difficult situation with limited resources and damaged political and economic systems. This thesis will concentrate mainly on one country in particular – Republic of Moldova, hereinafter referred to as “Moldova”, the broad history of which influences its current position in the international arena. Having an important geopolitical location Moldova serves as connection between two of the major world powers – Russia and the European Union (EU). Since independence in 1991, Moldova has been a subject of many changes and events, resulting in the currently present “frozen conflict”, the constant political and economic instability, affecting the overall growing negative attitudes of the nation, the ingrained corruption and lack of transparency, the weak institutions as well as external influences - all factors which cause difficulties in identifying stable path of development.

Despite the challenges, as the thesis will portray, since 2009 Moldova committed itself to follow EU-driven politics with final goal of acquiring full membership. In this regard, the EU-Moldova relations’ timeline, described later, suggests an increase in the intensity of the bilateral cooperation through the years, however the problem comes from its unstable progress, the reasons for which will be identified in this thesis. The country has been part of the Council of Europe since 1996, the World Trade Organisation (WTO) since 2001, it has also signed numerous bilateral and multilateral agreements with the EU, and it is part of the European Neighborhood Policy (ENP) initiative since 2004, and the Eastern Partnership (EaP) framework from 2009 (History of Moldova-EU relations, 2016). At first glance, judging by these developments it can be said that Moldova is extending its interests towards the EU, however de facto the reality suggests otherwise. The complexity of issues within the political, economic, and geopolitical areas of attention greatly affect the entire performance of Moldova in lights of the firm implementation of the EU integration objectives. This thesis will attempt to identify the reasons for the varying progress towards EU integration of Moldova over time. In this regard, the formed research question that this thesis will address is “**What can explain the varying progress of Moldova towards European integration over time?**”

Taking into account the limitations of the thesis, the time period which it will mainly focus on are the years between and including 2012-2015. This timeframe was chosen in particular because of the initiation of many crucial steps in the bilateral relations of Moldova and the EU, further clarified; the easier access to information and data, as well as the overall period of stability prior to 2012.

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Through the years of bilateral cooperation between Moldova and the EU, many agreements and initiatives to further enhance the political and economic cooperation between both have been developed. In order to evaluate to what extent Moldova has been complying to the principles of EU integration throughout the studied period and what can determine the variation of the results, the ENP framework will be used as both - to identify the factors which cause stagnation, as well as to evaluate the degree of implementation of objectives. The ENP is an EU joint initiative launched in 2004 which aims at bringing together 16 countries from Southern and Eastern Europe with the purpose to achieve greater political, economic, social cooperation and integration (European Union External Action). Key areas of focus are adherence to democratic principles, protection of human and minority rights, providing security, prosperity, and achieving higher levels of living standards by enhancing economic cooperation between the involved parties (European Union External Action). This instrument was chosen to serve as basis for the evaluation of Moldova's progress towards EU integration because of its comprehensiveness. Many projects, national action plans, initiatives and programmes are regularly developed, the implementation of which is strictly monitored by the EU and other external actors.

Every year, the European Commission (EC) issues individual country progress reports, which portray the achievements and the downfalls within the particular area of focus. The reports are divided into three main parts – political dialogue and reforms, emphasising on the administrative, judicial, and human rights developments as well as combatting corruption; economic and social reforms which focus mainly on describing the overall economic situation of the country within a year, and dig deeper into the trade relations and how those changed over the studied period; and lastly transport, energy, healthcare, education, and environment scope of modifications and approximations to the established EU standards. Along with the narrative description of the accomplishments, separate document which provides purely statistical information regarding key EU integration indicators serves as basis for clearer portrayal of results and leaves room for comparison. In this regard, the ENP and its respective progress reports will serve the purpose to identify the factors which would influence Moldova's progress towards the implementation of the identified objectives, as well as evaluate the degree of their implementation. Based on the tripartite area of focus within the ENP document regarding Moldova, the thesis adopts similar approach, as based on factual and theoretical information it shapes three hypotheses which argue that progress towards the implementation of EU integration objectives depends either on political support from the

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government in power; the intensity of economic ties with the EU, and/or geopolitical influences, mainly concerning Russia as a major factor.

After collecting substantial information on the history, recent political and economic developments in Moldova, as well as creating a timeline of the relations between the country, the EU and its neighboring countries, providing the factual and the numerical evidence, the findings strongly suggest that despite that between 2012 and 2015 many changes in the institutional, economic, and social spheres have been successfully implemented, factors such as corruption, lack of transparency, weak judicial system, lack of resources and poor institutional capacity undermine the full potential of the country towards the complete fulfilment of EU objectives from the ENP. Economically speaking, despite that within the past four years the economic ties between Moldova and the EU have encountered significant strengthening, progress within the different areas of integration objectives remains unstable and the reasons are mainly attributed to Moldova's lack of resources and inadequate implementation of reforms. Last but not least, the thesis infers that geopolitics and namely the large influence of Russia, mainly within the Transnistrian region, serves as necessary and sufficient condition for the unstable implementation of EU objectives, taking into account its significant involvement in both – politics and economics of Moldova.

In order to trace the nature of the outcomes and to understand the reasoning behind the inferences, the reader of this thesis has the opportunity to gain comprehensive knowledge on different fields of attention. In this regard, the thesis will be divided into four main chapters with numerous relevant sub-sections. In the first chapter – *Historical and Institutional Background*, general historical, political, and economic information will be provided, which would serve as a stepping stone to a more in-depth knowledge on Moldova's position in the international arena. Furthermore, current relations with the neighboring countries, and more precisely with those which share country's history – Romania, Ukraine and Russia, will be elaborated on, subsequently leading to EU's involvement in the political, economic, and social life of Moldova. In this sense, an overview of the foundation of the bilateral relations will be provided, putting the basis for theoretical explanation and going to the second chapter of the thesis. Based on the theory on EU-Moldova relations, putting an emphasis on integration as a concept, Moldova's political, economic, and social challenges, in this respect, will be addressed as to form three relevant hypotheses, on the basis of which inferences will be made. As a conclusion, analysis of the results concerning the three dimensions of the thesis will be portrayed as to draw inferences and answer the research question.

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General Information on Moldova

This Chapter of the thesis will provide factual information on Moldova, followed by historical overview which portrays country's fundamental relations with Russia, on the one hand, and Romania, on the other. A review of the Transnistrian conflict, the unrecognised region of Moldova which also plays major role for the political and economic prosperity of the country, will be provided. Moreover, given the tripartite division of the thesis concerning the political, economic, and geopolitical aspects, the current political system and the programmes of the main political parties will serve as basis for the theoretical and analytical parts of the thesis in lights of the political aspect.

Moldova is a country situated in Eastern Europe and it shares its borders with Ukraine on the East, North, and South, and with Romania on the West, being separated by the river Prut. The population of the country accounts for 3.546.647 million people and the official language is Moldavian (Central Intelligence Agency, 2016). The capital is Chişinău and the primary religion is Christianity, where 93.3% of the Moldavians are Christian Orthodox. Other religions, such as Catholicism, Islam, and Judaism are also recognised, considering the right of freedom of religion specifically stated in the Constitution (Central Intelligence Agency, 2016). Currently, Moldova is the poorest country in Europe with GDP rates of approximately eight billion U.S dollars (The World Bank, 2015). Moldova is a country with very interesting and broad historical background which, as portrayed later in the thesis, impacts the political, economic, and social development of the nation until nowadays. The diverse ethnic division in the country, which consists of Moldavians (75.8%), Ukrainians (8.4%), Russians (5.9%), Gagauz (4.4%), Romanians (2.2%), Bulgarians (1.9%) and others (1.4%), may be attributed to the controversial and unstable historical development of Moldova (Central Intelligence Agency, 2016).

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Historical Overview

Principality of Moldova was thought to exist since the Middle Ages, occupying territories from what is today Romania to the Northwest of present-day Moldova. In 1806, large parts of the Eastern territories, known as Bessarabia were invaded by the Russian Empire, and later annexed to it in 1812 (Emerson, 2004, p. 1). Since that time, mass immigration of Russians and Ukrainians, followed by the recognition of the Russian language as the only official, as well as the overall “russification” of Moldova has been taking place. After Romania gained independence from the Ottoman Empire in 1878, the newly-independent state began to initiate unification of all Romanians including those in Bessarabia. Taking into account the enormous presence of Russians and their power in Moldova, unification with Romania has not been on the table before the revolution in 1917 and the creation of Moldavian National Party, demanding an autonomous Bessarabia, the establishment of Moldavian schools, and an entire socio-economic reform (Emerson, 2004, p. 2). The success of creating Moldavian Central Committee of Moldavian Soldiers and Officers in the same year resulted in the formation of a congress which would decide the future of the state. During the actual congress, which took place in the late 1917, the creation of the Moldavian People’s Republic within the territories of the Russian Federation was initiated. As expected, Russia opposed this decision, resulting in week-long violent clashes between the *Bolsheviks*¹ and the Romanian army. Subsequently, as the latter succeeded in establishing peace, on 5 February 1918 Moldova declared independence (Emerson, 2004, pp. 2-3).

Immediately after Moldova’s independence, negotiations regarding the unification of the state with Romania had been initiated and welcomed by both sides. The decision was backed by France, Italy, Britain, and Japan, resulting in the signing of a treaty in 1920 declaring that “[...] the region belonged historically and ethnically to Romania” and guaranteeing protection of those territories (Emerson, 2004, p. 3). Although Russia never recognised Bessarabia as part of Romania, the Molotov-Ribbentrop Pact was signed on 23 August 1939, in which Russia stated its interest in Bessarabia (Emerson, 2004, p. 3). A year later, in 1940, the Soviet army invaded and occupied Bessarabia, which resulted in the creation of a new Moldavian Union Republic with Soviet sovereignty. During the years between 1940 and 1989, when the Soviet Union collapsed, Moldavians remained the primary ethnic group despite the enormous influence of Russia.

¹ Member(s) of the Russian-Social Democratic Worker’s Party, which became the dominant political power in Russia in 1917. It was led by Lenin. <http://www.britannica.com/topic/Bolshevik>

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After the developed by Gorbachev plans for socio-political and economic reforms – *Glasnost* and *Perestroika*, in 1988 those were greatly considered and implemented in Moldova (Emerson, 2004, p. 5). The desires for change, democracy, and greater representation of the ethnic Moldavians led to the establishment of variety of democratic movements. Along with the many initiatives which would bring change, the demand for new laws regarding language use were initiated. Consequently, in 1989 four new language laws were adopted, recognising Moldavian language as the only official one, and making Russian “the language of communication” (Emerson, 2004, p. 5). Since then, Moldova adopted the Romanian anthem and the flag as their own, with the difference in coat of arms. Furthermore, the multiparty democracy was propelled to be the basis for political life, having the Popular Front in power. As any other decision made within a state consisting of many ethnic groups, this laws were not welcomed by the Russian and Ukrainian speaking societies, which mostly occupy the Eastern part of the country also known as Transnistria (Emerson, 2004, p. 5). This, subsequently, led to an internal conflict which until nowadays is still not yet completely resolved.

Being set as one of the priority areas for Moldova’s EU integration, Transnistrian conflict plays major role within Moldova’s EU integration politics, economics and geopolitical relations. Therefore, the following part will provide an overview of the territorial dispute, the causes, and the developments. Considering the nature of the thesis and its aims, it is of crucial importance to trace the root-cause of the Transnistrian conflict as it will play major role within the entire thesis and serve as factor for inference of results.

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The Transnistrian Conflict

After 1989, the history of Moldova has been marked by numerous events which played an important role for the formation of the current political, economic, and social situation. Driven by the language law changes, the close connection to Russia, as well as the rising importance of democracy and human rights, in the year of 1990 two regions – Gagauzia, in Southern Moldova, and Transnistria – on the East, separated by the river Dniestr, proclaimed themselves as autonomous within the sovereign territory of Moldova (Emerson, 2004, p. 6). At the same time, in Chişinău many demonstrations were taking place, demanding the independence from the Soviet Union, forcing the Moldavian officials to change the name of the state to Republic of Moldova and proclaim it a sovereign entity. Later that year, despite the many attempts from Moscow to prevent the upcoming events, on 27 August 1991 the Republic of Moldova gained independence (Emerson, 2004, p. 6). The initiation of possible unification with Romania, and the Supreme Soviet of Transnistria voting for joining the Soviet Union, triggered the violent clashes between Moldova and the Transnistrian region which shares its border with Ukraine and inhabits around 550.000 people with ethnic division of Moldavians (32%), Russians (31%) and Ukrainians (29%) (Borsi, 2007, p. 45). Taking into account the much smaller Moldavian army, the latter did not want to intervene at first, however, recognising the aggression from Transnistria, Moldova had to respond accordingly. The ceasefire took place in July 1992 in the city of Bender in Transnistria, when Russian 14th Army engaged in the conflict making Moldova unable to fight considering the vastly unequal distribution of military power between both (Emerson, 2004, p. 8). As a result, Transnistria proclaimed itself independent from Moldova and despite that no other country in the world has acknowledged the territory, it has its own currency, anthem, functional government, and economy. According to estimations more than 1.500 people were killed and around 100.000 were displaced during the war time (Emerson, 2004, p. 8). Until present days, Russian 14th Army, as well as many military capabilities, has been present on Moldavian territory despite that its Constitution states that: “[T]he Republic of Moldova declares its permanent neutrality and does not admit the stationing of foreign military units on its territory” (Crandall, 2012, p. 6). Currently, the conflict is labeled as “frozen” and the involvement of the Organisation for Security and Co-operation in Europe’s (OSCE) peacekeeping personnel since 1993 plays a major role for sustaining peace in the region (OSCE Mission to Moldova, 2016). In order to closely understand how country authorities are dealing with the Transnistrian problem, and how does the entire politics of the country look like, the political system of Moldova excluding the Transnistrian region will be further elaborated on.

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Current Political Structure of Moldova

The political structure of the country plays an important role for identifying both – the actions needed towards providing sustainable growth and prosperity, as well as the allocation of problematic areas. Therefore, the overview of the political structure of Moldova, as well as description of the political programmes of the governing parties will serve as connection to the political, economic, and geopolitical aspects of the thesis.

Since the dissolution of the Communist era in 1991, when Moldova gained independence, the country has endured many changes within its political structure. After the first few years of independence, the country became member of the UN and started initiating closer ties with the EU despite the Communist party being in power.² During that time, Moldova has been led by a Communist leader, however this period can be marked as the transition to EU oriented politics. Vladimir Voronin, the then President of Moldova and leader of the Party of Communist of Republic of Moldova (PCRM), had clearly stated his pro-EU affiliations, however his intentions to remain the balance and good relations with Russia undermined the full commitment towards the EU (Zeller, 2013). However, it was not until the 2009 when pro-Western parties took the leadership and began working towards strengthening Moldova's relations with the EU, with the incentive to acquire possible membership.

Republic of Moldova is an independent and sovereign state with representative organs. According to research, the country has been identified as a flawed democracy, meaning that despite the free and fair elections, some drawbacks regarding the freedom of the media, problematic governance and the overall political culture stagnate the process of sustainable development of the country (Kekic, 2008, p. 8). The political system is identified as a “mixed parliamentary-presidential” with main body being the unicameral Parliament consisting of 101 representatives, who are directly elected for period of four years. The elections are performed under the electoral legislation, which states that “those are performed on the basis of proportional system, with the whole country being an electoral constituency” (Association for Participatory Democracy, 2016). Compared to other countries such as Romania – 3% and Ukraine – 5%, the electoral threshold in Parliamentary elections in Moldova is rather high - 6% (Association for Participatory Democracy, 2016). The time-frame which is allowed in order to hold the elections should be no later than three months after the end of the mandate. In circumstances of *cul-de-sac* of forming a government within 45 days, or in case of difficulties electing a President, the Parliament may be dismissed (Association for

² Chapter 2 – will provide further information regarding the chronological order of Moldova-EU relations

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Participatory Democracy, 2016). Currently, after the last elections held on 30 November 2014, five parties, portrayed in *Table 1*, passed the threshold. Following the inability of the pro-EU Alliance to come to an agreement, currently minority government consisting of the Democratic Party (DPM) and the Liberal Democratic Party of Moldova (LDP), backed by the Communist Party was formed (Wolfram Nordsieck, 2014).

Name of the party	Ideology	Leader	Obtained Seats in the Parliament
Party of Socialists of the Republic of Moldova (PSRM)	Democratic Socialism; Euro-scepticism	Zinaida Greceanii	25 (20.51%)
Liberal Democratic Party (LDP)	Conservatism Pro-EU	Vlad Filat	23 (20.16%)
Party of Communists of the Republic of Moldova (PCRM)	Democratic Socialism Communism	Violeta Ivanov	21 (17.48%)
Democratic Party of Moldova (DPM)	Social Democracy Pro-EU	Marian Lupu	19 (15.80%)
Liberal Party (LP)	Conservative Liberalism Pro-EU	Mihai Ghimpu	13 (9.67%)

Table 1. Parties which passed the electoral threshold on the Parliamentary elections held on 30 November 2014. Sources: <http://www.e-democracy.md/en/elections/parliamentary/2014/>; <http://www.parties-and-elections.eu/moldova.html>

The latest Prime Minister of Moldova is Pavel Filip, member of the Democratic Party, who was appointed at the beginning of 2016 following the selection of three unsuccessful candidates within a period of one year (Grigorică, 2016). Similarly to his predecessors, who were involved in the major banking scandal of 2014, referred to later in the thesis, Filip is also part of the pro-EU coalition, which has been in power since 2009. Despite that he is seen as a figure of change for the better, many protests by both – pro-EU and pro-Russian citizens continue, brought together by the discontent from the corruption allegations, the loss of 1.5 billion U.S dollars of the taxpayers' money, as well as the overall stagnation and unclear development of the country (Vitalie Calugareanu, 2015). Moreover, despite the many pro-Russia oriented citizens, the mass which supports EU integration is becoming more skeptical

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and therefore, causes ambivalence in the overall political direction of the nation, as demonstrated later in the thesis.

The head of state is the President of Moldova, currently Nicolae Timofti, who is an independent figure, and was elected in 2012 during Parliamentary vote. He replaced the representative of the Communist Party – Vladimir Voronin and explicitly stated his support for EU integration politics of Moldova. The President is appointed by the Parliament every four years requiring 3/5 of the votes. The duties include representing the country and serving as guarantor of state's sovereignty, and territorial integrity (Kuhs, 2008, p. 316). In 2010, Moldavians were invited to cast their votes on a referendum concerning amendments of the constitution regarding the election of the head of state. The proposal was to return to the old method of direct popular election of the president. Followed by a failure to obtain the necessary 33% (30.29% were reported valid), the initiator of the referendum – the ex-Prime Minister and founder of the Liberal Democratic Party of Moldova Vlad Filat, accused the Communist party which called for a boycott of the results (European Forum for Democracy and Solidarity, 2015, p. 2) Subsequently, after the vote on 5 September, country's leadership has been a subject of many changes and early elections, caused by discrepancies among the governing alliance as well as other external factors.

The following section of this Chapter will review the political programmes of the governing Alliance in order to shed light on the priorities mainly concerning Moldova's foreign politics towards the EU. Furthermore, it will provide information of some of the most prominent political figures which play major role within the politics of Moldova.

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Political Programme of the Liberal Democratic Party (LDP)

The Liberal Democratic Party is the conservative party of Moldova, found in 2007 and led by the ex-Prime Minister Vlad Filat (2009-2013), before he was sentenced to nine years in prison in June 2016, following corruption allegations in the major banking scandal (Radio Free Europe Radio Liberty, 2016). Currently the party has 23 seats in the Parliament.

As a main objective, the programme of the LDP recognises the importance of modernising the state by establishing greater commitment to the democracy and rule of law principles, as well as promoting the economic and social development of the country (European Forum for Democracy and Solidarity, 2015, p. 5). As main values, the LDP outlines important aspects such as freedom, solidarity, and equity which are guided by the rule of law and democracy principles, free market economy, the performance of the political class, as well as human rights values (Liberal Democratic Party of Moldova, 2011).

The LDP acknowledges the importance of reforms within the justice sector which would subsequently ensure the fair and right treatment of the citizens. Combatting corruption has also been high on LPD's programme, mainly concentrating on changes within the law-enforcement institutions. Furthermore, the creation of job opportunities by creating infrastructure projects is one of the most important economic objectives. In this sense, the further enhancement of Moldova's foreign politics and multilateral relations are of essence for producing sustainable development of the nation (Liberal Democratic Party of Moldova, 2011).

The LDP stresses its commitment to promoting European values and "building European future for Moldova" (Liberal Democratic Party of Moldova, 2011). These, on the other hand, can be ensured by the strict abidance to European standards and strengthening the bilateral and multilateral trade relations. According to the programme, the economic relations with the EU will contribute to the sustainable social development of the nation, which would enhance the overall quality of life (Liberal Democratic Party of Moldova, 2011). The LDP acknowledges the benefits of European integration as those serve as motivation for the implementation of objectives. In this regard, the first step would be strengthening the political dialogue between Moldova and EU member states with the purpose to obtain candidate status for EU membership. Following the signing of the AA/DCFTA agreement the LDP commits itself to further the relations with the EU as it "advocates full harmonisation of national legislation with the EU acquis" (Liberal Democratic Party of Moldova, 2011).

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Political Programme of the Democratic Party of Moldova (DPM)

The Democratic Party of Moldova (DPM) led by Marian Lupu, was founded in 1997 to serve the principles of a social democratic party (Association for Participatory Democracy "ADEPT", 2010). Currently, it has 19 seats in the Parliament, forming a coalition with the Liberal Democratic Party of Moldova, both supported by the Communist Party. The DPM commits itself to promote sustainable growth and subsequently eradicate poverty, promote the development and implementation of core democratic principles putting in the core the respect for human rights, as well as recognises the importance of alterations within the judicial system (Association for Participatory Democracy "ADEPT", 2010).

The DPM serves as guarantor for implementing changes within the public administration according to the amendments within state Constitution made on 5 July 2000. Decentralisation is seen as a necessary step towards the more effective and efficient settlement of local disputes (Association for Participatory Democracy "ADEPT", 2010). Moreover, the DPM sets the reforms within the judiciary as one of its main priorities. Taking into account Moldova's instability and rather obsolete legislative frameworks, the DPM suggests the importance of adoption of Penal, Civil, Procedural, and Fiscal Codes, as well as turning the judiciary as an independent body (Association for Participatory Democracy "ADEPT", 2010). In this regard, the prosecution will be freed from any responsibilities which are outside its competence.

The permanent solution to the Transnistrian conflict also comes high on the political agenda of the party. The DPM recognises the importance and calls for the greater involvement of external actors such as the UN, OSCE, Council of Europe, and the EU itself which are thought to facilitate the bilateral dialogue between the conflicting parties (Association for Participatory Democracy "ADEPT", 2010).

Furthermore, the DPM outlines the importance of "development of market economy based on private property", which is recognised as one of the main values of democracy (Association for Participatory Democracy "ADEPT", 2010). Three key elements – price liberalisation, privatisation, and market economy are of central focus. According to the programme, the DPM questions the role of the state within the past few years of transition, as "[i]t relied on the fact that the private sector will influence the establishment of market infrastructure in the Republic of Moldova" (Association for Participatory Democracy "ADEPT", 2010). On this note, the DPM suggests the creation of stable economic environment by giving priority to small and medium business, and the development of a middle class.

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Strengthening the political, economic, and social relations with international partners is considered also a priority, considering the instability of the country. All in all, the DPM sets four significant areas of focus which concern approximations to reflect the democratic principles of the EU, changes within the judiciary, develop sustainable market economy and therefore provide macroeconomic stability, and find a permanent solution to the Transnitrian conflict.

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Political Programme of the Liberal Party (LP)

The Liberal Party (LP) or Party of Reform is a conservative-liberal political entity, led by Mihai Ghimpu and established in 1993, given the needs of a post-totalitarian state to develop and sustain strategy which would modernise the Republic of Moldova in accordance with widely accepted norms and values (Association for Participatory Democracy "ADEPT", 2010). It possesses 13 seats in the Parliament after the 2014 November elections.

The LP recognises and promotes the importance of human rights and fundamental freedoms under the international law, which also include the prosperity of the individual as well as the entire nation. In this sense, the programme of the LP concentrates mainly on “economic recovery and prosperity of the individual citizen” (Association for Participatory Democracy "ADEPT", 2010). According to the LP members, it is state’s responsibility to ensure the effective implementation of reforms and as a first step towards the goal it recognises the importance of creating clear separation of the legislative, executive and judicial power (Association for Participatory Democracy "ADEPT", 2010). Furthermore, the LP accepts and endorses European integration politics of the state as it will serve as a guiding tool towards modernisation.

Similar to the DPM, the LP supports the transition to market economy based on private property. In this regard, a comprehensive reform within the economic sector, which is designed by the LP, serves as the main tool for achieving the established goals. On this note, privatisation is considered the most appropriate and efficient move towards ensuring economic prosperity (Association for Participatory Democracy "ADEPT", 2010). The LP encourages any changes within the legislation which would promote foreign and domestic investment, as well as attract foreign capital. Small and medium businesses are considered necessary for the sustainable economic growth. Other areas of focus include modifications within the agricultural policy, transportation, education, tourism, protection of private property, as well the creation of a third sector with the aim to “[...] establish market economy infrastructure and extend the middle class” (Association for Participatory Democracy "ADEPT", 2010).

As mentioned before, the LP puts in the core the respect for human rights and their freedoms as “[t]he State exists for the citizens, not vice-versa” (Association for Participatory Democracy "ADEPT", 2010). Ensuring economic, social, cultural, and civil prosperity of the nation according to international standards is considered main obligation for the political

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entity. Therefore, the separation of powers, the abidance by the principles of democracy and the rule of law are in the core for ensuring the well-being of the society. Changes within the public administration are of essential need. However, in order to be able to ensure the appropriate implementation of the reforms in all areas, international cooperation and guidance is demanded. The LP recognises the importance of establishing strong relations with political and economic partners not only in Europe but across the globe (Association for Participatory Democracy "ADEPT", 2010).

Following the description of the main values and aims of the pro-EU oriented parties, it can be inferred that the political programmes of the three mainly concentrate and recognise the importance of reforms within the judicial sector. Moreover, the prosperity of the nation will be guaranteed through economic and political ties mainly with the EU. Therefore, the LDP, the DPM, the LP strongly support Moldova's EU orientation and consider the development of stronger relations as a guarantee for country's prosperity and growth.

Considering the historical past of the country as well as the strong relations between Moldova and the EU especially before 2009, the following Chapter will provide an overview of the geopolitical relations of Moldova and its neighboring countries with the purpose to understand the current situation in the region as well as create basis for the third hypotheses of the thesis which deals with the geopolitical influence over the implementation of ENP objectives.

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Geopolitical Context

Along with the internal political structure of the country, the actual politics and direction of Moldova has always been dependent on external influences, as history suggests. Taking into account its vital geographical location, Moldova has always been divided between Russia and the West. Despite the expanding political and economic relations between Moldova and the EU, this factor is not enough to prevent the involvement of external pressures which also influence Moldova's decisions.

As it can be noticed from the historical overview presented earlier in the thesis, Moldova has been a territory of interest for many centuries. Being part of Romania, then annexed to Soviet Russia, Moldova nowadays faces many challenges as well as internal cultural division. Many associate their cultural and language traits to those of neighboring Romania, others – mainly in the Transnistrian region, referred to in previous points, to Russia. As the following chapters will point out to the increasing importance of the EU as a major political and economic factor, there are many obstacles, resulting from the broad historical past of Moldova, which leave the country unable to strictly follow its EU-oriented path.

Despite that Moldova gained independence in 1991 and became sovereign state, the Communist Party remained in office until 2009 (British Broadcasting Corporation, 2012). Within this period, the country was still trying to find its own way, however it kept its political and economic ties with Russia and the East. Despite that the official language since 2014 became Moldavian, with some differences from the one spoken in Romania, Russian language is also widely used also by Moldavians. In this sense, the language division within the country may be helpful to establish a three-way of looking at the geopolitical context of the country - firstly, the Moldavian speaking part of the society which is more pro-EU oriented; the Romanian speaking – although a minority, which supports an eventual unification with country's Western neighbor; and the Russian speakers³, mainly occupying the Transnistrian region, who desire even closer ties with Russia mainly by entering the so-called Eurasian Union (Friedman, 2010). In this regard, taking into account the vast separation of the nation in its core, one of the main problems of the country is that "Moldova is a state that lacks a nation" as it still struggles to form its own identity (Friedman, 2010). For now, however, Moldova belongs to both – the West, because of its Latin-based language, and the East, considering its cultural and historical roots with Russia.

³ Referring to Chapter 1 the Romanian speaking comprise 2.2%; Russian speaking – 5.9%.
<https://www.cia.gov/library/publications/resources/the-world-factbook/geos/md.html>

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As the thesis will later deal in detail with the currently EU-oriented politics of the country, at this stage, it is important to shed light on the phase of the relations between Moldova and the countries from the region. Taking into account that more than 40% of the agricultural and industrial production of the country, as well as 1/3 of the total national income come from Transnistria, in the 90's the economy of Moldova has been greatly damaged which led to around 25% of Moldavians to migrate mainly to Russia, as well as to some European countries in search for better opportunities (Emerson, 2004, p. 9). Since the first democratic parliamentary elections in 1994, Moldova suffered political instability and failure to balance between the public interest and the external pressures. Despite that the Transnistrian issue is purely between Moldova and Ukraine considering the physical border *per se*, the latter seems not to express interest. Rather, this conflict can be reviewed from another perspective – Russia and the annexation of Crimea, and the political consequences on Transnistria, considering the similarities in the nature of both issues.

After the collapse of the Soviet Union, Russia lost its significant position in the world politics and economics. Another factor which led the country to resort to other methods of demonstrating supremacy were the security threats posed by the fast approaching powers of the EU and North Atlantic Treaty Organisation (NATO) to country's borders. Strategically speaking, Russia's security is maintained by Ukraine, and subsequently if the latter comes to any kind of agreement with the EU, Russia "would be hard to defend" (Friedman, 2010). Therefore, a chain reaction between Russia-Ukraine-Moldova can be observed, inferring that "what Ukraine is to Russia, Moldova is to Ukraine" (Friedman, 2010). Many analysts see the Ukrainian crisis⁴ from 2013-2014 as an indication of Russia's recovery from the Cold War as well as a demonstration of its power in the international arena (Ghenghea, 2014, p. 88). The events around the annexation of Crimea also gave rise to the attention of the EU as well as the US towards Moldova and more precisely in the Transnistrian conflict. The aggressive politics of Russia in Ukraine increased the overall skepticism over the question whether it will diminish its influence in the region as some claim that "Russia wanted to keep Moldova under control, Romania at bay, and Ukraine under threat" (Tudoroiu, 2012, p. 147). The Crimean crisis came in time of political instability in Moldova, taking into account the resignation of the Prime Minister Vlad Filat over the banking scandal, explained later in the chapters, the growing aspirations of the Transnistrian region to become part of the Russian Federation, and

⁴ In November 2013 mass protests took place in the capital Kiev after President Viktor Yanukovich postponed the preparations required for the Association Agreement signing. For more information: <http://www.reuters.com/article/us-ukraine-idUSBRE9BA04420131212>

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the conflicting viewpoints regarding the signing of the Association Agreement (AA) with the EU.

Moldova finds itself again between the East and the West, however this time for a different reason. On the one hand, the fast developing relations between Moldova and the EU, which bring closer the latter to Russian borders, and on the other, the demonstration of power from Russia through its manipulative politics and its extensive influence over the Transnistrian territory, elaborated on in the following chapters (Ghenghea, 2014, p. 147). Notwithstanding, Russia does not only demonstrate its power over Moldova through Transnistria but as further mentioned in the thesis it uses economic sanctions, propaganda, and its gas supplies. As the thesis will give an extensive overview of the consequences of the geopolitical relations between Moldova and the neighboring countries in the theoretical part, at this point it is worth mentioning that through the actions explained above Russia infringes the Constitution of Moldova, as well as blocks the implementation of major points from the Copenhagen criteria for EU integration which further affects country's political, economic, and social behavior.

Another factor in geopolitical aspect is the relations between Moldova and Romania. For many years now a possible unification has been "on and off the table", usually Moldova being the one to turn down the proposition claiming its capabilities to manage on its own. Both states have long history together and even nowadays they share similar cultural traits and language. Their political and economic ties have been rather stable as Romania serves as a connection between Moldova and Brussels (Grigorica, 2016). According to most recent opinion polls, only 21% of the participants would support unification with Romania, whereas the percentage of those who would oppose is significantly higher – 53%. The situation in Romania, however, is different, as the majority of the population (68%) would support unification with Moldova (Grigorica, 2016). During many multilateral meetings Romania has explicitly stated its support towards Moldova joining the EU, with a clear proposal back in 2006 to join the Union together. It also provides financial and technical assistance in return for implementing "some concrete measures that will prove that there is a political will for reforms" (Grigorica, 2016). Another action on behalf of Romania, which can be considered as either demonstration of power or an act of solidarity, was the program initiated in 2001, providing passports for Moldavians, following EU Council's decision to remove Romania from the list of countries which required visas to enter the Schengen area (Emerson, 2004, p. 11). During that time, more than 300.000 Moldavians acquired Romanian passports, which opened their path to the EU (Gasca, 2012, p. 5).

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Romania has always been unavoidable part of Moldova's political and social life and it will continue to be so. As it serves as connection with the EU, many doors are already open to Moldova by default. However, despite the privileges of bordering with an EU member as well as the years-long relations with the EU itself, Moldova still has to overcome many obstacles if it is to follow the lead of its Western neighbor. As it is important to shed light on the relations of Moldova and its neighboring countries, it is also crucial to understand the basis of the relations of the EU with Russia, Ukraine, and Romania. This information will further contribute to the formation of an overall clear picture of the geopolitical relations in the region putting in the core the presence of the EU. Moreover, this overview will contribute to the understanding the nature of the relations between the two major powers – EU and Russia, putting Moldova in the middle.

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European Union Relations with Romania, Ukraine, and Russia

The relations between the EU and the geopolitically important countries for Moldova are essential to trace, firstly because they put the fundamentals for both - the theoretical aspect and the formation of the hypotheses later in the thesis, and secondly, providing an overview on how the relations between the EU and the reviewed countries influence the behavior of Moldova towards EU integration.

EU-Romania

Within the course of seven years, since the start of the official accession talks in 2000, Romania was able to implement all the necessary criteria to become a full member of the Union in 2007, along with Bulgaria (European Commission, 2007). Comparing the chronology of the relations between Romania and the EU with the ones with Moldova, in lights of the signing of the Association Agreement as well as the overall intensification of the relations, it can be inferred that Moldova still has a long way until the official accession talks begin. Romania plays an important role for the current politics and economics of Moldova, not only historically but considering the fact that it is the only EU member neighboring country, which makes it Moldova's biggest trade partner (The Observatory of Economic Complexity, 2016).

EU-Ukraine

Up until recent days, Ukraine is in a similar situation as Moldova, as it is on the crossroad between choosing cooperation with the EU, or entering in the so-called Eurasian Economic Community (EEC) with Russia on top. Despite that the relations between Ukraine and the EU date back from the beginning of the 90's when the Partnership and Cooperation Agreement (PCA) was signed, Russia is still country's biggest trade partner (Delegation to the European Union to the United States). A crucial event which further enhanced the relations with the EU was the Crimean conflict from 2014, which resulted in the forceful annexation of the territory to Russia, many victims and displaced persons (European Union External Action, 2015, p. 3). The EU then condemned Russia's non-diplomatic approach, which goes against Ukraine's sovereignty and territorial integrity, and further imposed sanctions and restrictions against the aggressor (European Union External Action, 2015, p. 3). However, the EU does not restrict its involvement in Ukraine only to complex emergencies.

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Similarly to Moldova, Ukraine has been part of the ENP, therefore a member of the Eastern Partnership initiative and has signed an Association Agreement, also including the Deep and Comprehensive Free Trade Area (DCFTA), with the EU on 21 March and 27 June 2014 to replace Partnership and Cooperation Agreement (European Union External Action, 2015, p. 2). The agreement came into provisional effect as of 1 January 2016, but fully effective after the remaining six countries' ratification (European Union External Action, 2015, p. 1). The objectives of the AA are similar to the ones outlined above, regarding Moldova – economic and political integration. Another step which would bring Ukraine closer to the EU is the visa-liberalisation regime, the negotiations of which started in 2008 (European Union External Action, 2015, p. 2). The progress report from 2015 would serve as basis for continuing the talks. Moreover, the EU has a moderating role in key meetings between Russia and Ukraine regarding energy reforms and free trade.

According to most recent opinion polls, if a referendum on the question whether Ukraine should join the EU or EEC took place, 46% of the Ukrainians would support unification with the EU, and only 18% with the EEC (Sakhno, 2015). However, the removal of trade barriers between Ukraine and the EU, and the future possibility of the country acquiring membership, have raised many concerns among EU countries, the Netherlands in particular, regarding the costs of welcoming a new member state. In this regard, a referendum which was held on 6 April 2016, and resulted in 64% of the Dutch being against the agreement, is an indication of the division of opinions regarding the expansion of the EU (The Guardian, 2016). Furthermore, Russia has also expressed discontent of Ukraine signing the Agreement.

EU-Russia

The nature of the relations between the EU and Russia is different from the overview made in previous paragraphs, simply because the countries mentioned above – Ukraine, Moldova and the rest of the Eastern European countries, have been the cornerstone of those relations. On the one hand is the European Neighborhood Policy, and on the other the Eurasian Economic Community, each of which uses specific strategies to attract the countries from the region. In this regard, Russia's biggest "weapon" is the natural gas which it exports to numerous countries and in this way holds power over the receiving countries, whereas the EU offers technological, political, and economic advancement (Ligia Corduneanu, 2014, p. 46).

Russia is one of the biggest trade partners of the EU (after the US and China), and it is its largest neighbor (Eurostat, 2016, p. 1). The EU-Russia relationship can be divided into three

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stages, starting after the year of 1991 and following the historical order of events (Ligia Corduneanu, 2014, p. 42). The first chapter of those relations came immediately after the collapse of the Soviet Union, which put the fundamentals of many post-Soviet countries to seek EU integration. The second phase, which was officiated by two documents – the Partnership and Cooperation Agreement signed in 1994, and the Common Strategy in 1999, initiating partnership and putting in the core energy supplies. And third part, which started from 2000 when Putin came to power in Russia, and the EU having to deal with the emergence of internal conflicts between the “new” and the “old” members, regarding the different perspectives on democracy (Hughes, 2006, p. 2).

Russia is not a member of the ENP as it considers itself as a power equal to the EU. In this regard, the relations between Russia and the EU, following the order of the signed bilateral agreements within the three stages mentioned above, would be as follows:

- Partnership and Cooperation Agreement signed in June 1994, entered into force December 1997. Main objectives of the agreement are fostering economic relations between the two parties. It also establishes political and social framework.
- The Four Common Space – in 2003 both actors decided on furthering their cooperation by creating four common spaces under the PCA framework. Those include:
 - Common Economic Space, also covering environmental issues
 - Common Space of Freedom, Security, and Justice
 - Common Space of External Security, including crisis management and proliferation
 - Common Space of Research and Education, including cultural aspects

Furthermore, since 2010, Russia and the EU started negotiating a visa-free travel between their territories. However, taking into account EU’s concerns regarding the raise in numbers of human trafficking and drug imports, a proposal for a specific “roadmap for visa-free travel” was instead reviewed (Delegation of the European Union to Russia). On the other hand, however, the Russian foreign policy stipulates reciprocity between states regarding the visa-free travel which means that before EU and Russian citizens may travel freely, many obstacles must be first resolved (European Commission, 2007).

Along with the visa-free travel matter, other issues such as the energy disputes raised in 2009, the manipulative politics of Russia in Ukraine, regarding the signing of the AA in 2014, the

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involvement of Russia in the Ukrainian crisis, as well as the overall intimidating politics, which cause destabilisation within EU countries, including Moldova, additionally stagnate the already built relations between the EU and Russia.

After creating an overview of the relations of the EU and the countries neighboring Moldova, with the purpose to put the fundamentals for the actual purpose of the thesis, the following section will provide the historical overview of the bilateral relations of Moldova with the EU.

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Relations between Moldova and the EU

This section of the thesis aims at describing the stages of the relations between Moldova and the EU since the beginning of those in the early 90's. Despite that the level of collaboration cannot be compared to the one of present days, it is of essence to provide the reader with some background. Further, the nature of the bilateral relations will be explained using the theory of economic integration.

Despite that Moldova retained its close relations with countries from the former Soviet bloc, the overall popularity among post-Soviet states to pursue EU relations since the early 90's also led Moldova to take the same turn (Chira, 2008, p. 434). The first initiation to create a permanent institutional basis for Moldova-EU relations came from the former, when in 1993 the then president Mircea Snegur sent a letter to the European Commission to state country's explicit interest in starting cooperation with the EU (Wrobel, 2004, p. 62). Along with the first democratic elections in 1994, the decision for comprehensive legislation reform was also initiated. This initiative was perceived at the EU as a clear indication of Moldova's determination to seek Western partnership. As a consequence, the first document to officiate the establishment of bilateral relations between Moldova and the EU was the Partnership and Cooperation Agreement signed on 28 November 1994 for a period of ten years, after which being renewed by the mutual consent of the parties, and which came into force four years later (Wrobel, 2004, p. 62). As stated in the agreement itself, the main objectives of this Partnership are "[...] the development of political relations", "[...] sustainable economic development", "to provide a basis for legislative, economic, social, financial, and cultural cooperation", "[...] to consolidate Moldova's democracy and develop its economy..." (European Commission, 1994, p. 5). At this stage, the relations between both parties were mostly economic, and the EU did not give any indications or promises to Moldova regarding membership.

Further inclusion of Moldova into the system of the EU was the accession of the country into the Council of Europe in December 1996, which was initiated by the newly elected President – Petru Luchinschi, who addressed a letter to the European Commission's President – Jacques Santer as an official statement of Moldova's intention to become a full member of the EU (Wrobel, 2004, p. 62). A second letter, almost a year later, was again addressed to the European Commission with the clear plea to start the bilateral negotiations concerning the conclusion of an Association Agreement. Along with this initiative, Luchinschi made a formal request directed towards the EU member states to seek approval of the preparation of such

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agreement (Wrobel, 2004, p. 63). The negotiations regarding the agreement started years after Moldova's initiation, however in the course of the Moldova-EU relations, in 2004 the country was included in the European Neighborhood Policy along with 16 other countries. The ENP is an instrument through which the EU brings closer politically and economically Southern and Eastern countries with the aim of strengthening their relations (European Union External Action). The following section will provide more in-depth information regarding the aims and objectives of the ENP instrument. A year later, the European Commission's Strategy Paper was endorsed by the Council and the European Council, followed by the development of an Action Plan for Moldova, clearly stating the ENP objectives, the implementation of which would be monitored by special committees (Chira, 2008, p. 432). Annual progress reports are published by the European Union's External Action Service and the European Commission. As mentioned in previous chapters of this thesis, namely those reports will serve as basis for the estimation of Moldova's EU integration progress and will help determine the factors blocking the implementation of those.

Since 2009, Moldova became more pro-Western and this can be noticed from the change of the governing parties. Since that year, a three-party pro-European coalition cabinet has been formed with the name Alliance for European Integration (AEI) led by the leader of the Liberal Democratic Party - Vlad Filat. The three parties – Liberal Democratic Party, the Democratic Party of Moldova and the Liberal Party followed clear EU-oriented politics (Kuhs, 2008, p. 320). However, despite the change in the course of politics, Moldavian government has been a subject to frequent collapses and early elections, referred to in the theoretical Chapter of the thesis.

Notwithstanding the overall instability of the country, an event which put the relations between Moldova and the EU on higher level was the signing of the Association Agreement on 27 June 2014. The former is a comprehensive document which replaces the Partnership and Cooperation Agreement and is considered as an indication of the strengthened bilateral relations over the years. Its aims are to further deepen the political and economic relations with the purpose to integrate Moldova to EU's internal market (European Commission, 2014, p. 1). Despite that the official negotiations regarding the signing of the agreement have been on the table since the 2010, the thesis mainly focuses on the particular time frame (2012-2015) because an important economic legislation, which would open the DCFTA negotiations with the EU, has been passed. The free trade area is an important step for Moldova as "the path for closer integration includes more trade and investment" (European Commission, 2014,

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p. 1). Furthermore, it is part of the Association Agreement through which Moldova would establish a solid ground for further collaboration with the EU with the final objective to become an EU member state.

Through the extensive EU financial and technical assistance, Moldova would accomplish the objectives from the AA and those mainly include further deepening of the political and economic cooperation through the removal of custom tariffs and quotas and the approximation of the trade conditions to EU standards (Publications Office of the European Union , 2014, p. 38). Since its provisional application in September 2014, progress report has been developed, the results of which indicate Moldova's development in many fields, extensively elaborated on within the Analysis part of this theses. Many critiques, however, question the effectiveness of the EU involvement in the institutional change in Moldova, stating that the Union only "throws money" to avoid dealing with the actual problems (Kostanyan, 2016). Within the years – 2007-2013 more than 482 million Euro has been provided to Moldova within the ENP instrument to achieve the outlined goals (Kostanyan, 2016). Contrary to expectations however, estimations claim that Moldova ranks high among the other participants in the framework for achieving democracy, good governance, the rule of law, human and minority rights (Eastern Partnership Civil Society Forum , 2014, p. 32).

Another important fact is that the EU plays vital role in the internal conflict with Transnistria. Taking into account Moldova's highly intensified relations with the EU, the Transnistrian question cannot be avoided. Being unrecognised, the region has become the "black hole" of smuggling and transnational crime, which poses a threat to the security not only for the region but the EU as a whole (Emerson, 2004, p. 20). Along with the observer status in the "5+2" format of negotiations hosted by the OSCE mission to Moldova, which includes Moldova, Transnistria, Russia, the EU, Ukraine, OSCE and US, the EU provides assistance by creating policy objectives in the AA and the ENP documents; initiating projects to support capacity building for Moldova's Bureau for Reintegration; and delivers financial and technical assistance for projects which aim to strengthen the relations between both sides of the conflict (Wolff, 2012, p. 22).

At this point of the thesis it can be inferred that over the years the relations between Moldova and the EU have been marked by many events which created a solid ground for future collaboration between both parties. However, there are many external factors which also

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cause additional difficulties towards identifying the clear political, economic and social direction that Moldova should follow.

Following the Moldova-EU relations' timeline, with the purpose to shift attention to the essence of the thesis, firstly the actual aims of the ENP will be described. Subsequently, the theoretical part of the thesis will begin with description of the relations between Moldova and the EU under the concept of integration and what it entails, to further form the tripartite review of the case study – political, economic, and geopolitical aspects which would be tested to determine the extent to which those affect the varying progress of Moldova towards implementing the ENP objectives.

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Aims and Objectives of the ENP Action Plan for Moldova

The European Neighborhood Policy initiative, which was launched in 2004 after the accession of ten new members from the former Soviet bloc to the EU, is a framework which aims at strengthening the political, economic, and social relations with and among countries from East and South Europe as well as promoting peace and security in the region (European Union External Action). Through the years, countries from the Southern Mediterranean and Southern Caucasus expressed their interest in participating in the project. Currently, there are 16 member states which include Algeria, Armenia, Azerbaijan, Belarus, Egypt, Georgia, Israel, Jordan, Lebanon, Libya, Moldova, Morocco, Palestine, Syria, Tunisia and Ukraine (European Union External Action). Russia does not take part in the initiative as it follows its own interests and therefore politics. The ENP puts the fundamentals of a relation which goes beyond the interaction between the parties as it poses guidelines for promoting the principles of democracy, rule of law, good governance and economic and social prosperity. Article 49 of the Treaty of the European Union states that every European state has the right to apply for membership and subsequently must meet certain criteria to become an eligible candidate (Commission of the European Communities, 2003, p. 5). The reforms include “democracy, rule of law, human rights, respect for minorities, a functioning market economy, and the capacity to cope with competitive pressures”, which form the EU *acquis* (EUR-Lex). However, the ENP framework document explicitly informs that the initiative’s purpose is to strengthen the relationship between the EU and the respective state, however it does not give a perspective for membership – a question which should be reviewed separately from the ENP (Commission of the European Communities, 2003, p. 4).

As the level of development of each of the participating countries is different, each of them have to develop the so-called ENP Action Plan, which provides detailed information of the strategic objectives within the particular area of focus. In the case of Moldova, the Action Plan was approved and entered into force one year after country’s inclusion in the initiative, however it does not replace the Partnership and Cooperation Agreement, nor the Association Agreement as the former would serve as a complementary tool for fulfilling the necessary objectives (EU-Moldova Action Plan, 2005, p. 1). As mentioned previously in the paper, every year committee formed by the EC reviews the achievements and the downfalls and issues separate document to assess the progress of the state and provide some recommendations for action. The following part of this section will describe the key areas of

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EU approximation, identified within Moldova's Action Plan, which would serve as reference in the Analysis part of the paper.

As stated in the ENP Action Plan of Moldova, the successful implementation of the outlined aims would not only foster the bilateral cooperation, but it would provide a "significant degree of integration" (European Commission, 2005, p. 3). In this regard, strengthening the political dialogue as well as EU's growing involvement in the Transnistrian conflict is considered as a step forward in the process of integration. Moreover, the aspect of visa-liberalisation procedure along with the fostering the economic relations are considered mutual priorities as those would "significantly advance the approximation of Moldavian legislation, norms and standards to those of the European Union" (European Commission, 2005, p. 2). It has been widely accepted that the main obstacle that Moldova has been facing for many years is the weak statehood. In this sense, as state institutions are considered the main targets of good governance promotion, the latter has been identified by the ENP Strategy Paper as the main guiding principle towards the establishment of a "mutual commitment" between Brussels and the participating states (Avram, 2010, p. 1). In its broadest, good governance practices include promoting transparency, accountability, efficiency, fairness, participation and ownership", which is possible through reforms within the state institutions (Woods, 2000, p. 824). With the purpose to assist Moldova in its political, economic and social approximation to EU standards and laws, currently, the ENP identifies seven priority objectives which Moldova has to focus on and those are – political dialogue and reform, economic and social reform, regulatory reforms, justice and home affairs, transport, energy, and research and development, people-to people contacts, as well as conflict resolution reforms, the latter concentrating on finding permanent solution to the Transnistrian "frozen conflict" (Avram, 2010, p. 18).

As a first priority, the Action Plan developed for Moldova under the ENP initiative indicates the importance of good governance and democracy promotion (Avram, 2010, p. 23). Accordingly, four sub-priorities in this area were also developed to include reforms within the public administration and the public finance management; the judicial sector and the rule of law; human rights and civil society development; education and science reforms (Avram, 2010, p. 23). When referring to democracy promotion and guaranteeing the rule of law, Moldova has to concentrate on strengthening the effectiveness and the stability of its institutions by developing constitutional framework in accordance with the EU standards and laws. In the same vain, ensuring transparency and fairness of Parliamentary elections would

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further reinforce any shortcomings of results (European Commission, 2005, pp. 5-6). Therefore, the changes within the public administration, which involve particular strategy for decentralisation with the aim to increase institutional capacity and ensure the efficient distribution of resources, are essential.

Another major task for Moldavian approximation to EU laws is to ensure the independence of the judiciary, as well as guarantee for the transparent and effective work of the prosecution (European Commission, 2005, p. 5). Those, in turn, require alterations within the current legislation which would put the fundamentals for ensuring the adequate functioning of the Moldavian judicial system. Alternative dispute settlement means such as mediation and arbitration would further contribute to the overall sufficient implementation of objectives in this area of focus. With referral to ensuring transparency and effectiveness, another prominent criteria which has been in the core of democracy and rule of law principles is combatting corruption (European Commission, 2005, p. 6). As research indicates, Moldavian institutions have been a subject of many corruption practices which further stagnate the implementation of objectives within prominent areas such as security, referring to the Transnistrian conflict and the lack of border control which leads to smuggling, social procurement and development as a consequence of the established correlation between corruption and poverty; economic development taking into account the expansion of so-called shadow economy and further decrease in competitiveness; judicial reforms; as well as within the energy, and railroad services (Carasciuc, 2001, pp. 9-10). In this regard, the Action Plan under the ENP suggests the strict implementation of recommendations by the Council of Europe Group of States against corruption which demands for the development of firm anti-corruption measures mainly within the law-enforcement institutions.

The respect for human rights and fundamental freedoms, which includes the freedom of expression, minority rights, human trafficking, and the freedom of association is another area of focus of the ENP, which is one of the main principles of democracy, and subsequently relates to the proper functioning of the judiciary and the law-enforcement institutions (European Commission, 2005, pp. 6-7). Therefore, as a main modification to reflect the standards developed by the EU regarding the respect for human rights, is considered the development of applicable legal framework, as well as the application of revisions under Moldova's National Human Rights Action Plan (European Commission, 2005, p. 8). Furthermore, the effective execution of judgements as well as the strict implementation of

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core values outlined within the UN Conventions is set as priority aims for ensuring the respect for human rights.

As mentioned above, corruption is connected to security, which in the case of Moldova is greatly influenced by the unstable political and economic relations with the Transnistrian region, outlined in Chapter 1. In this regards, the development of the ENP means that “conflict resolution has been supported through *indirect* measures such as good governance, poverty alleviation and economic development” (Brown, 2015, p. 6). Since the outbreak of the conflict in 1992, many external parties such as the Council of Europe and the OSCE have been involved in the issues, however recognising the threats to the security and economic prosperity not only in the region but the EU as a whole, the latter has been increasing its mediating role. In this regard, the ENP is considered as the first initiative through which the EU declares its explicit role and commitment in finding permanent settlement of the conflict. On this note, the EU commits to initiate a border mission (EUBAM) composed of police and customs officials with the aim to foster Moldova’s government capabilities to impose regulations; facilitate and strengthen the bilateral and multilateral dialogue between Moldova and Transnistria, ensure the commitment of external parties such as Ukraine and Russia and their implementation of the objectives in regards to the conflict, as well as develop strategies for its involvement after the actual settlement of the conflict (Brown, 2015, p. 7). Furthermore, the actions that need to be taken on behalf of Moldova include amendments which would enforce the border control systems, increase initiation of bilateral and multilateral meetings after the development of concrete political and economic measures, as well as ensure coordinative actions between all parties involved.

Taking into account Moldova’s long-lasting political and economic instability prior to the initiation of closer ties with the EU as well as the complexity of problematic areas, many of the objectives stated in the ENP are related to each other. As mentioned above, the widespread corruption practices are the outcome of the weak institutions as well as gaps in the judicial system. Consequently, this malfunction affects the security of Moldova, mostly in lights of the Transnistrian region which has become the “black hole” of smuggling and human trafficking, which in turn points to the inefficient human rights laws and their disrespect. However, along with the political and social approximations, the EU recognises the prominence of economic integration and therefore, establishes clear criteria to promote economic growth and social development. Core elements of the ENP Action Plan include measures to decrease poverty by strengthening the efficacy of social assistance. Furthermore,

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monetary policies which would diminish the level of external debt, foster the bilateral relations with IFIs, and improve the sufficient distribution of resources are initiated. The proper functioning of market economy, and ensuring rural development by supporting the small and middle businesses are set as key priorities for Moldova's economic prosperity (European Commission, 2005, pp. 12-13). These alterations demand for numerous legislative amendments. Along with the internal approximations, many trade-related issues are signified to bolster the bilateral and multilateral relations. Currently, Moldova's economic relations with the EU are based on the DCFTA, signed in 2014, however the latter does not overrule the trade-related objectives of the ENP.

Chapter 2, paragraph 4 of the Action Plan for Moldova under the ENP framework indicates the aims of the trade relations with the EU as well as the measures for its improvement. With the purpose to increase the diversity of exporting products, as well as strengthen the security across the borders, changes within the customs reflecting both aspects – technical and administrative, should be applied (European Commission, 2005, pp. 17-18). Those in turn are thought to have positive impact on foreign direct investment and the business climate as a whole. Fostering transparency of procedures and ensuring better controlling and coordinating systems are in the core of diminishing illegalities, foster bilateral and multilateral cooperation, as well as prevent any threats to the security (European Commission, 2005, p. 18). Moreover, approximations within the EU and international legislative and administrative criteria for standardisation of products are of great significance for reinforcing the overall institutional capacity. The ENP also monitors and encourages the implementation of additional measures and requirements imposed by external parties such as the WTO, Commission on Trade in Animal Products, European and Mediterranean Plant Protection Organisations and others (European Commission, 2005, p. 20). Many changes within the legislative frameworks concerning product quality, company law, supervisory practices, and abolishing discriminatory practices are initiated.

The energy sector is also of significant importance for Moldova-EU relations, considering formers degree of dependence from Russia. Along with the projects aimed at the diversification of energy supplies to Moldova, administrative and legal approximations to EU standards and laws within the area are also demanded. A comprehensive energy policy document which would outline the measures towards EU approximation in the energy sector, the sources of finance, and a timeline of the implementation of the required steps is developed (European Commission, 2005, p. 37). Every process and decision made in the current area of

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focus should be in accordance with the agreed procedures. Those in turn must be transparent and appropriately monitored in order to avoid miscommunication between the parties involved (European Commission, 2005, p. 38).

Last but not least, many projects and approximations are required in lights of research and development, environment, and people-to people contacts. Changes within the education and training systems are proposed in accordance with the Bologna process, considering the obsolete curricula and limited resources for modernisation (European Commission, 2005, p. 41). The ENP also provides a solid ground for introducing and further enhancing student mobility which would open greater possibilities and promote the intercultural dialogue. Many alterations are initiated within spheres such as culture, cross-border and regional cooperation as well as civil society co-operation (European Commission, 2005, pp. 42-43).

In regards to the monitoring of the strict implementation of objectives outlined within the Action Plan of Moldova, the already established groups under the PCA will have the responsibility to ensure the sustainable development of results (European Commission, 2005, p. 45). The EU has the responsibility to inform the Commission of any legally binding decisions, which would lead to the Council's decisions regarding the issue at hand.

Every year the EC issues annual progress reports which portray the level of implementation of the outlined objectives in all areas of focus. A separate document with recommendations for further actions is developed on annual basis. The first progress report is issued two years after the endorsement of the Action Plan (European Commission, 2005, p. 45).

Regular improvements and updates to the Action Plan, if necessary, can be included.

At this point, after providing background information on the history of Moldova, the current political structure, its current relations with the countries from the region as well as the nature of the relations with the EU, providing the overview made in the previous pages regarding the aims of the main instrument, the following part of the thesis will concentrate on presenting the theoretical aspect of the thesis with the purpose to generate ideas and therefore develop relevant hypotheses on the basis of which the Analysis chapter will be based on.

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Literature Review and Theory

This chapter will review the existing academic and policy studies that focus on explaining the relationships between Moldova and the EU. At this point of the thesis the necessary factual information regarding the collaboration between Moldova and the EU has been provided. However, in order to understand the nature of the bilateral relations, it is important to shed light on the basis upon which those are formed. In this regard, the idea behind EU integration and what this term incorporates will provide the necessary ground for further clarification. This information will provide the necessary basis to determine the hypotheses, which would eventually serve as guidance within the Analytical part with the aim to determine the factors behind the varying performance of Moldova towards EU integration between the years of 2012-2015.

The nature of the Moldova-EU relations

Many scholars agree that the European Integration Theory (EIT) is a broad one as it includes different theoretical approaches in regards to the epistemological, ontological and empirical focus (Bergmann & Niemann, 2013, p. 1). However, when brought together, the nature of the EU as an entity with the definition of the concept of *integration* which refers to “the process whereby political actors in several distinct national settings are persuaded to shift loyalties, expectations, and political activities towards a new and larger center, whose institutions possess or demands jurisdiction over the pre-existing national states”, clarity on the EIT can be reached (Chourou, 1976, p. 9).

The European Union, or as it was called back in 1945 – European Coal and Steel Community, began purely as economic entity which would unite European countries with the purpose to avoid future conflicts such as those of the WWII, and provide security to its members (European Union, 2015). Over the years, many countries have joined the Union considering its privileges, however after the collapse of the Soviet Union in 1989 when states were brought even closer to each other, the then European Community started focusing on topics such as rule of law, democracy promotion, and human rights (Dimitrova & Pridham, 2007, p. 95). Since that time, the European foreign policy agenda was mostly focused on the explicit interest of many Central and East European countries, including Moldova, to become part of Union and to adhere the principles of the *acquis* or simply put to integrate. At that point the EU has been largely focusing on developing economic ties with its (potential) members.

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It was not until the creation of the Amsterdam Treaty in 1997 when the EU developed concrete procedures, to assist candidate countries to meet its principles, and mechanisms, to monitor the implementation of the specific democratic and human rights values (Dimitrova & Pridham, 2007, p. 95). Namely in this period – the second half of the 90's, the EU in collaboration with its main bodies started applying the principle of conditionality, which consists of specific rules and standards the successful implementation of which would be a step further towards EU integration. The shift of attention can be noticed as the criteria expanded focus from democracy and human rights to “strengthening of state capacity and the independence of judiciaries, and the pursuit of anti-corruption measures” (Dimitrova & Pridham, 2007, p. 97).

Conditionality approach implies the implementation of certain domestic reforms in exchange for “realistic prospect of EU membership” (Dimitrova & Steunenberg, 2007, p. 3). According to researchers, conditionality is more effective when no particular date for the actual accession of the country to the EU has been set (Dimitrova & Steunenberg, 2007, p. 3). In this way the possibility of inefficient fulfilment of the framed conditions is thought to be diminished. There are two main frameworks for achieving the targets set by the EU – the Copenhagen criteria from 1993 and additional administrative criteria introduced in 1995 (Dimitrova & Steunenberg, 2007, pp. 3-4). Both of them aim at encouraging the candidate country to implement particular changes which are thought to be the stepping stones towards EU integration. There are three main points in the Copenhagen criteria which have to be met: “Stability of institutions guaranteeing democracy, the rule of law, human rights, and respect for and protection of minorities; a functioning market economy and the ability to cope with competitive pressure and market forces within the EU; ability to take on the obligations of membership, including the capacity to effectively implement the rules, standards and policies that make up the body of EU law (the *acquis*), and adherence to the aims of political, economic and monetary union” (EUR-Lex). Since 1996 when Moldova first initiated closer ties with the EU, it “devoted” itself to follow the principles of the Union. According to Dr. A. Dimitrova and Prof. B. Steunenberg, when a particular country initiates EU attention in a sense of possible future membership, it has already determined that the benefits are greater than the cost of not being part of the EU (Dimitrova & Steunenberg, 2007, p. 4). However, as it will be later portrayed in the thesis, many challenges and ambiguous actions and results remain, which need further clarification.

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As any other process which aims at the complete change of an embedded for many years structure, the shift to democracy also requires the effort of multiple actors, such as the political entities, international organisations and financial institutions, NGO's and IGO's, aid agencies and the like, and the development of precise policy mechanisms (Sisk, 2001, p. 209). In this sense, along with the systematic monitoring which includes annual progress reports as well as actual meetings, the EU uses a combination of both – top-down and bottom-up approaches of democracy promotion which is thought to be the most effective method (Dimitrova & Pridham, 2007, p. 102). According to scholars, the top-down approach to promoting democracy in transitioning states is both – insufficient and ineffective, whereas the bottom-up approach, which implies that “[t]he structures and processes by which governance is harmonised vertically - from national to local level”, proved to be successful (Sisk, 2001, p. 46). As it has been widely acknowledged, decentralisation is more intrinsic to Western models of governance and it brings benefits such as self-government, democratic pluralism, economic efficiency, and regional objectives (Sisk, 2001, p. 46). Along with the benefits, some disadvantages of this model also exist, as some claim that the bottom-up approach is economically inefficient, it lacks common standards and resources, it prevents citizen participation and fails to unite the nation (Sisk, 2001, p. 47). However, as the EU uses a combination of both models, it creates balance, which makes the entity a true guarantor of democracy promotion principles and economic prosperity. Other example of a body which uses the bottom-up approach is the OSCE, whereas NATO and the International Monetary Fund (IMF) use the top-down approach (Dimitrova & Pridham, 2007, p. 102).

According to analysts, when a certain country becomes part of the Council of Europe it is the first indication of the successful implementation of the criteria for democratic performance (Dimitrova & Pridham, 2007, p. 99). Referring to the previous chapter, Moldova joined the body in 1996, however ten years later it still has neither been acknowledged as an official candidate, nor as potential one. Many programs, initiatives, and frameworks have been created to facilitate and foster Moldova's integration process, however only in 2014 with the signing of the Association Agreement along with Ukraine and Georgia, the country was given the right to apply for membership which “marked the beginning of a new era in the political and economic relations” (European Parliament, 2014).

Taking into account the crucial step of the AA signing, until this day “[B]russels gives no membership guarantees”, risking the EU to lose its international credibility (Skarzynski, 2015). In this sense, in order to clarify the last sentence, Paul Pierson's “forever increasing

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returns” theory will be looked at. The latter notion suggests that the actions of any actor within an organisation are enhanced over time if those are coordinated with the overall course of events of the particular institution (Pierson, 2000, p. 252). However, until nowadays, the EU has not given clear perspectives regarding Moldova’s future status within the Union, which leaves the country on a crossroad questioning “[h]ow to steer its European integration without any prospect of integration...” (Korosteleva, 2010, p. 1281). The reasons for the unclear EU approach towards Moldova can be reviewed in terms of *rational institutionalism* and *social institutionalism* approaches. Pierson suggests that Moldova will be granted EU membership after implementing the imposed reforms, and the Union will not be able to “build a strong case” against Moldova unless external factors such as pressure from Russia stagnates the process (Chira, 2008, p. 439). Rational Institutionalism refers to those “[r]ational actors who pursue their preferences following a ‘logic of calculation’ within political institutions...” (Schmidt, 2010, p. 2). As any actor within an institution is obliged to follow the established rules and norms, in the empirical case of Moldova an ambiguity can be noticed. On the one hand, EU’s interest towards Moldova can be observed from the enhancing collaboration between the two parties, and on the other, the lack of agreement of member states in the Council to offer membership to Moldova, speaks of uncertainty. Furthermore, as Social Institutionalism focuses on the level of implementation of certain values and norms, and taking into account EU’s unclear plans, Moldova’s membership may be blocked. This ambiguity, however, does not influence country’s motivation to pursue eventual full membership and as the ex-Prime Minister Iurie Leanca puts it “[Y]ou just need to show determination and then the result will be the one that you expect” (Euronews, 2014).

Another approach which can be reviewed in order to understand the reasons behind EU’s silent politics regarding the identification of concrete full membership strategy of Moldova is that despite the strong basis of the bilateral relations “[...] Moldova has a poor enforcement record” (Korosteleva, 2010, p. 1269). According to research, the lack of democratic qualities, economic growth and regulatory capacities are features intrinsic to the countries from Eastern Europe (Brown, 2015, p. 3). The lack of effectiveness can be noticed mainly in the judicial sector, in the reforms regarding the fight against corruption, decentralisation and the overall improvement in the business climate (Korosteleva, 2010, p. 275). The reasons for that may be attributed to numerous factors. According to scholars, the main motive behind country’s inability to sustain its EU-oriented path, is that “[t]he goal of keeping the power is more important than the general objective to bring Moldova closer to EU standards” (Buscaneanu,

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2008, p. 5). Taking into account Moldova's weak administrative capacity, poor judicial system, political and economic shortcomings, which further stagnate the implementation of reforms, it has been inferred that country officials use the so-called "small-step tactic" which would ensure the long-lasting financial and technical support of the EU in the region. (Korosteleva, 2010, p. 1276). Therefore, an actual progress in one of the important areas is considered to be unlikely, because "[...] liberalisation of reforms in these fields will undermine the ruling party's hold on power" (Korosteleva, 2010, p. 1276).

An important factor which relates the unclear future perspectives of Moldova towards the EU with country's poor implementation of major integration objectives may be attributed to the role of geopolitics which cannot be neglected. Moldova has always relied on external assistance be it political and/or financial, and secondly because of the overall growing involvement of the countries from the region in the foreign politics of both – Russia and the EU. Despite that Moldova clearly pursues EU politics especially since 2009, Russia's influence remains substantial in the region, one of the major determinants for that being the Transnistrian conflict, which nowadays is considered mostly as political one. As it will be later portrayed in the chapter, because of the variety of power –military, economic and political, which Russia exerts over Moldova, the latter is unable to ensure its stable path towards the EU (Korosteleva, 2010, p. 1270). As a consequence, as N. Popescu and A. Wilson infer "[p]ro-European sentiments in the neighborhood are broad but shallow and confused..." (Korosteleva, 2010, p. 1280). In the same vein, the authors point out to the fact that Moldavians understand the political choice of the country as a "geopolitical commitment" rather than as a way to improve their lives as "[w]hen costs-and benefits of the Russian pressure become significantly bigger than those from the EU, Moldova... will choose the course of action that will benefit the most powerful" (Korosteleva, 2010, p. 1280).

The previous few pages gave extensive information regarding the basis for the bilateral relations between Moldova and the EU as well as some fundamentals regarding the concept of integration and what it entails. As a consequence, it can be inferred that the sustainable political and economic development and approximations are in the core for achieving EU integration. Moreover, considering Moldova's historical background and geographical location, the geopolitical influence plays role within the integration process. In this regard, the thesis will follow the tripartite division as to review the political, economic, and geopolitical aspects of integration and determine to what extent those factors affect Moldova's sustainability towards the implementation of ENP objectives.

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Theoretical Ideas and Hypotheses

After providing an overview of the actual purpose and objectives of the EU, as well as considering Moldova's relations with neighboring countries and their influence, the theoretical part of the thesis will take three approaches to reflect the importance of both - political and economic integration as well as the geopolitical stance on the question at hand. Therefore, the first part will focus on the politics of Moldova by identifying the importance of political commitment for effectively implementing EU integration objectives; secondly, an overview of the intensity of economic relations over the years and to what extent had Moldova achieve economic integration will be reviewed in order to determine whether progress in that field leads to progress towards the overall EU integration process based on the relevant instrument studied; and thirdly, Moldova's varying performance will be reviewed from a geopolitical context, mainly through the involvement of Russia in the Transnistrian region, to clarify the degree to which external influence stagnates the process of EU integration. Taking into account the limitations of the paper, the geopolitical aspect will not deal with countries such as Romania and Ukraine because of their indirect involvement in the Moldova – Romania serves as connection between Moldova and the EU, Ukraine – as an intermediary in the relations between Moldova and Russia.

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Political Aspect

Followed by the first step, which is the identification of all mechanisms, programmes, instruments and frameworks used for approximation to EU standards and laws, domestic coordination of EU policy should be ensured (Dimitrova & Steunenberg, 2007, p. 13). In this sense, the role of the cabinet in fostering the implementation of EU policies will be reviewed theoretically, and further implemented empirically. According to scholars, in most states “[i]t is the cabinet (Council of Ministers) or the Prime Minister that sets the general policy and has the ultimate power to solve inter-departmental conflicts” (Toshkov & Dimitrova, 2007, p. 969). Namely those political-level actors possess the power to coordinate and navigate the specific course of action and are thought to be fully aware that the incentives are higher than the costs of adoption of particular goal, therefore they comply (Dimitrova & Steunenberg, 2007, p. 4). However, in the case of Moldova there is an ambiguity in this regard. According to international organisations such as the IMF, World Bank and Transparency International, as well as the Government of Moldova, the inefficient system of governance in Moldova is one of the most significant drawbacks which limit the sustainable political, social, and economic prosperity of the country (Carasciuc, 2001, p. 6).

According to the authors, in their book “Why nations fail”, the reasons behind one nation’s prosperity and lack of one in another is not attributed to the geographical location, nor to economic policies or culture, but rather to political institutions, referring to those organisations which create, obey, and enforce laws and those include political parties, trade unions and courts (Acemoglu & Robinson, 2013, p. 138). In that sense, there are two types of institutions, the structure of which influences the political and socio-economic wellbeing of the particular nation – *extractive and inclusive*. The main difference between both is that under the former, benefits of any kind of action go to a particular group of elites in expense to the nations prosperity, rights, and opportunities, whereas the latter incorporates features such as openness, equal opportunities, and development (Acemoglu & Robinson, 2013, p. 95). According to researchers, the main factors which lead to ineffective governance include lack of experience and knowledge on how to govern a newly independent state; government instability; lack of economic opportunities; absence of sustainable political and judicial systems; as well as general lack of confidence from the nation (Carasciuc, 2001, p. 7). Those in turn, result in the existence of corruption at all levels, economic drawbacks, as well as poverty and social discontent. Despite that Moldova’s system is rather democratic and it is currently implementing many frameworks towards its strengthening, it can be inferred,

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however, that the political institutions of the country are rather extractive. In addition, an important feature is the narrow distribution of political power as well as the centralisation. According to the authors, many post-Soviet states have difficulties to overcome the embedded centralisation, which refers to the concentration of power high in the hierarchy, whereas the West is associated with more decentralised model of governance (Acemoglu & Robinson, 2013, p. 152). In the political history of Moldova since 2009 when the relations with the EU has been strengthening, there has been a rotation among three pro-EU oriented parties, forming a coalition - Liberal Democratic Party of Moldova, Democratic Party of Moldova, and the Liberal Party. However, despite their pro-EU oriented politics, many political figures have often been accused in inadvertence and involvement in corrupt practices. Research point to the fact there is a causal connection between poor institutional incapacity and corruption, a case which accurately describes the situation in Moldova. According to researchers, the causes of corruption in Moldova are mainly “legal, institutional, economic, political, social, and moral” (Carasciuc, 2001, p. 26).

After the collapse of the Soviet Union, many countries from the former bloc had to bear the costs of the old regime affecting their political, economic and social structures. Namely because of the absence of norms, democratic values, and the rule of law, countries, including Moldova, began resorting to practices such as corruption and outright thievery (Abed & Gupta, 2002). Many researchers claim that namely corruption, which according to the majority of the nation is “ingrained in the culture of Moldova”, plays major role in the effectiveness of the overall internal and foreign affairs (Lake, Pultorak, & Mermin, 2015, p. 4). Despite that Moldova began its transition to market economy with the collapse of the Soviet Union, this did not prevent the large concentration of benefits in the hands of particular figures (Carasciuc, 2001, p. 6). Research points to the fact that many states such as Denmark, Norway, and the Netherlands with rather large public sectors, score lower in corruption practices, unlike those which put the market economy in the core (Carasciuc, 2001, p. 7). Therefore, the size or the presence of the public sector does not cause corruption but rather the way it functions (Carasciuc, 2001, p. 7). The term “corruption” in its broadest sense refers to the “abuse of public authority or trust for private benefit” (Beke, 2002, p. 1). There is no state in the world completely free of corruption, however researchers agree that in some states corruption was “part of region’s clientelistic social structures, which were characteristic of communist regimes” (Szarek, 2006, p. 4). Specific characteristics that corrupt countries, including Moldova have, are the concentration of economic power, weak administrative

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capacity, lack of channels of political influence, as well as weak balance between the demands of the economy and the civil society (Tudoroiu, 2014, p. 656). Here one can link the concept of good governance to corruption as “where there is poor governance, there are greater incentives and more scope for corruption” (Beke, 2002, p. 1). However, this linkage can be reviewed in other terms such as that corruption undermines the implementation of good governance policies and decisions, a scenario which is mostly suitable for the studied case of Moldova.

According to observers, for a long time Moldova has been standing on a crossroad, facing the choice between “[...] an oligarch government, that is very corrupt, who participated in a 1 billion Dollar theft, who has developed a corrupt system, and it actually took the previous corrupt system and developed it further”, or to change its political direction towards Russia (Tomkiw, 2016). Moldova has been prone to corruption practices for many years, however “[...] as never before the link between corruption and state capture has become visible” (Baumgartner, 2016). Following the last parliamentary elections in 2014, controversial figures took the leadership despite their pro-EU oriented stance, which proved to be true only on theory, considering the majority of crucial events. Two months after the intensive negotiations regarding the formation of a cabinet, the Liberal-Democratic Party and the Democratic Party received support from the Communist party, which was thought to be in opposition. Many of the initially planned reforms were not implemented, including the admission of the Liberal Party into power, as well as the nomination of Iurie Leancă for Prime-Minister, who was considered as a figure of change (Calus, 2015). Currently, having this particular political model, country’s power has been distributed among two oligarch politicians – Vlad Filat, the leader of the Liberal Democratic Party and a former Prime-Minister; and Vlad Plahotniuc – a businessman and a member of the Democratic Party since 2010. Through the years, there have been many cases of corruption mainly involving those political figures and other oligarchs. According to researchers the strong link between political parties and businesses, which is intrinsic to the countries from the former Soviet bloc, causes “huge political corruption” (Baumgartner, 2016). Therefore, taking into account the involvement of many politicians in the business sector, it is not in their interest to implement the agreed with the EU objectives, as those would shift their influence and, thereof their power (Marx, 2016). Driven by the incentives to retain power in both - politics and the business sector, any attempts to create “a real pro-European alternative” are being blocked by the ruling parties (Marx, 2016). In this sense, referring to the theory explained in the previous chapters, through “small-step

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tactics”, Moldavian politicians aim at both – preserving their power, as well as EU’s financial and technical support for longer period. This is especially acute in the case which involved the Prime Minister Iurie Leancă, being in office from 2013-2015, who had personal conflict with Vlad Filat and who was not allowed to remain in power, considering his explicit EU-driven politics (Marx, 2016). Referring to the above-mentioned theory on EU’s silent politics towards Moldova’s eventual membership candidacy, the connection between country’s “poor enforcement record” and the involvement of political figures in the business sector, causing corruption, can be established. Therefore, corruption becomes one of the most prominent areas of focus which is considered as drawback for any reforms.

It has been widely debated that if a country’s system is closer to the democratic principles, political figures have greater ability and incentives to push for reforms (Dimitrova & Steunenbergh, 2007, p. 4). As mentioned before, however, Moldova is a flawed democracy which predisposes for implications in the political governance of the state. According to the authors of “Why Nations Fail”, when the particular society “awakens” and demands for a change, there is always a critical point which, when achieved, may lead to changes and even civil war (Acemoglu & Robinson, 2013, p. 109). In the case of Moldova there are three major events which were thought to be the turning point of nation’s discontent. In 2009, after the parliamentary elections, mass protests took place caused by the suspicions of fraudulent results. Moreover, the tensions inside the country again escalated in December 2012, when a man was killed during a hunting party which was attended by Moldavian elites including the ex-Prime Minister Filat (European Union Institute for Security Studies, 2013, p. 1). An attempt to cover the incident led to the resignation of the General Prosecutor, caused the withdrawal of the Liberal Democratic Party from the coalition in 2013, and the overall trust in judiciary has significantly decreased (European Union Institute for Security Studies, 2013, p. 1). Furthermore, another event that triggered enormous public and international discontent was the disappearance of 1.5 Billion U.S dollars from Moldavian banks, comprising one-eighth from country’s GDP (Tomiuc & Ticudean, 2016). The involvement of the afore-mentioned Vladimir Plahotniuc – a businessman and political actor with an estimated fortune of two billion U.S dollars in 2012, increased the mistrust of the society as well as the overall effectiveness of the government and thereof reforms (Tudoroiu, 2014, p. 662). The banking scandal caused the suspension of finances from the IMF and the World Bank (Sierakowska, 2015). The latter event has also been an outcome of the accumulated discontent of the nation towards the Government through the years. In both cases, major political figures from the pro-

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EU parties were involved, further creating confusion in the society over the question whether the pro-EU oriented parties are following their ideologies and programmes.

As Paul Luif inferred that “[...] being a ‘good’ European in terms of implementing directives depends more on the institutional structure rather than on general public support for EU integration”, proves the fact that in the core of achieving progress towards fulfilling the requirements for EU integration, the commitment of the political institutions and mainly their representatives, play major role in the process (Hanf & Soetendorp, 2014, p. 191). Many “cosmetic” reforms have been made to demonstrate country’s progress towards the implementation of EU integration frameworks, however those are thought to create only an illusion of some kind of progress, taking into account the large governmental instability (Kostanyan, 2016). In this sense, the phrase “I obey but I do not comply” can be used in a sense that the political entities engage in bilateral relations with the EU, acknowledging the advantages of being part of the Union’s foreign policy, and they are ready to obey the rules, however because of the embedded corruption and overall political instability mainly caused by historical factors, cause stagnation, skepticism, and overall variation (Reagan, 1990, p. 16). At this point of the thesis, the theory presented above leads to the formation of hypothesis which comes from both – the EU integration principles and the reasons for the unrests, as well as the political instability of Moldova through the years. In this sense, in order to achieve EU integration many reforms are needed, which subsequently require explicit political commitment. Therefore, the hypothesis which can be withdrawn is that *progress towards meeting the requirements for EU integration depends on political support*. If supported, the hypothesis will contribute to the answer of the thesis by inferring that the varying performance of Moldova towards EU integration is caused by the limited capabilities of the pro-EU Government to achieve effective implementation of the EU integration objectives. When analysed, the values for the chosen indicators for EU integration from the ENP framework in the time period between 2012 and 2015, will determine whether the political governance is in the core of the varying performance of Moldova and stagnates its progress towards meeting the EU integration objectives.

Following the EU integration plan, along with the political approximation, the economic aspect remains of great importance given the nature of the EU and it beginning as an economic entity.

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Economic Aspect

This section of the thesis will deal with the economic aspect of the integration process as the theory will provide the basis for further inferences and will clarify to what extent the economic approximation to EU standards leads to integration of the particular state.

According to the Hungarian economist Bélla Balassa, the term *economic integration* can be reviewed in two aspects – as a process which includes the “[...] measures designed to abolish discrimination between economic units belonging to different national states”, or as the “absence of various forms of discrimination between national economies” (Sapir, 2011, p. 1202). Within the EU, those “forms of discrimination” can be abolished through the completion of certain non-sequential stages through which the development of the particular state towards integration can be traced and those are: the creation of a free trade area; customs union; a single market including the four freedoms; economic and monetary union; and a stage of complete economic integration (Nello, 2010, p. 3). These stages may not necessarily follow the order, moreover there are cases when a certain phase of this cycle is reached, significant period of time is required to move to the next one (Sapir, 2011, p. 1202). In this regard, many researchers argue that in order to shift from free trade area to the creation of customs union, major **political** adjustment is required, despite that there is a very narrow gap between the two (Sapir, 2011, p. 1200). In other words, the different stages of economic integration entail political approximations along the way. However, with the purpose to concentrate explicitly within the empirical case of Moldova, as well as considering the stage of the relations between the latter and the EU, the theory will provide overview of the notion of the free trade area and its relations with economic development and growth.

The most suitable economic integration theory that can be implemented in the case of Moldova is that of “dynamic effects”. This theory which explains EU integration, holds the idea that the expansion of the market size would lead to greater economies and subsequently increased productivity, therefore integration is substantial ingredient for greater output (Sapir, 2011, p. 1207). In its core, the dynamic effects theory of EU integration builds on the notion of increasing returns concept which distinguishes between medium-term and long-term growth effects (Sapir, 2011, p. 1212). Therefore, the expansion of the market size is used as a mean to achieve economic development and growth. However, there is a difference between the latter two concepts, the explanation of which would shed light on the connection between both terms and economic integration.

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It has been widely agreed that the desires to acquire better quality of life and ensure the wellbeing of the nation require the need of decisions as well as precise estimations of the impact of the restraining factors to follow. In this regard, economic development is presumed to be the tool for achieving greater prosperity. According to the economist Paul Keofod, the difference between economic development and growth comes from the fact that the former refers to the “process of enlargement, adaptive change, or transformation of the general framework of any societal economy”, whereas growth is “a function of economic development” as it is an indicator of what it has achieved as a consequence of the enhanced productivity (Chourou, 1976, p. 45). As mentioned before, in the case of Moldova the signing of the AA/DCFTA agreement is considered as the first major step towards complete economic integration. In this regard, the analysis part will focus on comparing country’s development pre- and post- DCFTA agreement with the aim to trace the degree of economic development. For that purpose specific measurements will be used.

Economists have come to the conclusion that measuring the economic development is mostly applicable to developing countries, such as Moldova, as it allows to determine real progress of the “planned and result oriented activities”, however economic growth is mostly suitable to determine the size of the economy in developed countries (Surbhi, 2015). Giving the development of events, the signing of the DCFTA agreement in 2014, the analysis part will estimate the economic growth of Moldova between 2012 and 2015 in order to determine whether there is stable growth through the years, and further infer results. Taking into account the connection between integration and economic development, theorists argue that “economic development depends on the evolution of the primary, secondary, and tertiary sectors” (Chourou, 1976, p. 144). In this sense, the primary sector refers to the agriculture; secondary reflects the industrial and machinery sector; and the third one – to the service sector. When referring to the measurement of these concepts, it can be once again inferred that because of the nature of this thesis, which uses the ENP instrument to determine both – the causes for the variation, as well as to estimate the entire process of integration, both economic development and growth are considered the tools which will provide the necessary answers. Scholars argue that while economic development causes economic growth, the reversed causality cannot be determined. Therefore, if there is a variation in the indicators for economic growth, while the economic development has been steadily increasing, the reasons for the instability may be attributed to variety of other factors, reviewed in the analytical Chapter of this thesis.

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Taking into account the above theory on economic integration and taking into account the five identified stages towards its achieving, the reasons for the unstable progress of Moldova may be attributed to the varying economic performance of Moldova. Therefore, the hypothesis which will be looked can be formed to the following: *progress towards meeting the requirements for EU integration depends on the intensity of economic ties*. Considering the identified relation between economic integration and development, the analytical part will examine the stage of Moldova's economic performance before and after its inclusion in the free trade area. Depending on the results, inferences will be provided answering the question whether the varying progress of Moldova towards implementing ENP objectives may be attributed to economic factors.

Lastly, the next section will provide theoretical overview of the geopolitical aspect which will be further studied to examine the role of external influences and how those contribute to the variation of results.

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Geopolitical Aspect

As portrayed earlier, Moldova's geopolitics is influenced by many factors considering its historical ties with Romania, the events in Ukraine which have direct influence, as well as the involvement of Russia in Moldova's politics and economics mainly through the Transnistrian region. The ethnic division within the country, the language which is spoken and the clear instability of the country for the past 20 or more years, result in the tripartite division of the nation regarding the political course which Moldova should adopt. In this sense, despite its small number, one part of the society supports a union with Romania, another with the EU, and a third one to join Russia. However, taking into account Russia's explicit involvement in the politics and economics of Moldova, this part of the thesis will shed light on the actual relationship between both and further explain the motives behind Russia's actions to stagnate Moldova's implementation of ENP objectives mainly through the influence in the Transnistrian region.

Through the years, many scholars have come to the conclusion that the reasons behind the differentiating political approaches of Russia and the EU lays on the dissimilar notion of *sovereignty* as a concept. While the EU uses rather soft politics and more institutionalised frameworks for political dialogue, Russia on the other hand, relies on its power politics. (Dimitrova & Dragneva, 2009, p. 877). Therefore, in order to clearly demonstrate Russia's significant influence over the politics and economics of Moldova mainly using its influence in the Transnistrian region, David Lake's *hierarchical relationship model* will be presented. According to the scholar, hierarchy refers to the "[T]he authority exercised by dominant states covered both the subordinate's external relations and internal practices and politics" (Lake D. A., 2009, p. 26). This authority is high if the powerful actor has the legitimacy to control the subordinate in many actions, and therefore low if it struggles to do so (Lake D. A., 2009, p. 25). In the empirical case of Moldova this level can be easily defined as "high". Moreover, another important trait of this kind of relationship is the right of the superior to impose necessary actions towards noncompliance (Lake D. A., 2009, p. 27). In order to demonstrate the extent of power which Russia exercises over Moldova, and subsequently blocks the implementation of ENP objectives, two aspects will be taken – security and economy. The exercise of power within these two categories will be demonstrated by the involvement of Russia in the Transnistrian region, firstly by the unlawful stationing of troops on Moldavian territory, and secondly by the energy dependency and economic sanctions imposed on Moldova.

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The Transnistrian conflict is a dispute which, since its outbreak, involves many parties with different incentives. Moldova, on the one hand, aims to restore its territorial balance and further its relations with the EU; the EU and OSCE, serving as mediators to assist the bilateral dialogue; and Russia, on the other hand, to remain its power in the region. However, in lights of the ENP initiative, there are two main reasons why the Transnistrian issue needs to be resolved – first, because it stagnates the process of further development of EU-Moldova relations, and second, because of the security threats from the illegal trafficking of people, drugs, and weapons flowing through the region. As mentioned numerous times, the ENP framework recognises the importance of establishing permanent solution to the “frozen conflict” therefore, it has developed strategies and objectives to initiate permanent solution to the conflict (European Commission, 2005, p. 3). However, Russia has its own incentives to block Moldova’s further EU integration as to maintain its security, considering the approaching powers of NATO and the EU. In this regard, the power politics of Russia are based on the notion that in order to maintain the security of the region, “[...] all diplomatic, military, and even economic actions, available to a state to lower the risk and effectiveness of coercion from other external actors” shall be used (Lake D. A., 2009, p. 52). With the purpose to demonstrate Russia’s explicit influence over the Transnistrian region, which affect the sustainable implementation of ENP objectives on behalf of Moldova, and implement the notion of *hierarchical relationship model* theory, two factors – the stationing of Russian troops on the territory of Moldova, as well as economic dependence (mainly referring to the energy supplies issue), will be examined separately to form the basis for analysis.

Stationing of Military Troops

Since the outbreak of the conflict in 1989, Russia has been providing financial and technical assistance to Transnistria which plays major role for the wellbeing of the region, taking into account its similar GDP values with the rest of Moldova (Tudoroiu, 2012, p. 137). Another major factor, which has become a cornerstone of disputes and according to some, a clear demonstration of power, is the stationing of the Russian 14th Army on the territory of Moldova after the ceasefire in 1992. Despite that the Constitution of Moldova “[...] does not admit the stationing of foreign military units on its territory”, currently the number of Russian militants accounts for approximately 1.500 and more than 20.000 tons of ammunitions and military equipment are still present on Moldavian territory (Organization for Security and Co-operation in Europe, 2016, p. 2). Following the establishment of the OSCE mission to Moldova in 1993, which aims to “support efforts to find a peaceful solution to the conflict” by

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“opening a political dialogue and entering into negotiations on a lasting political settlement”, many multilateral meetings have been held (OSCE, 1993, p. 1). However, the lack of significant success, which would be the complete removal of the military armaments and troops, after 20-year-long efforts to remove the 14th Army and put an end to the conflict, indicates the inability of the involved parties to find a solution, considering Russia’s power politics. A clear example of the latter is the outcome of the Istanbul Summit in 1991, when Russia committed to withdraw its troops by the end of 2002 (Emerson, 2004, p. 12). Subsequently, between 2000 and 2001, with the assistance of OSCE, more than 141 self-propelled artillery, 108 tanks, and 140 other pieces of military equipment were withdrawn from Moldavian territory (OSCE, 2014, p. 2). In the same year – 2001, Moldova signed a declaration with Russia, in which the latter stated its commitment to become “guarantor of Moldova’s territorial integrity” (Crandall, 2012, p. 7). However, after Moldova started showing interest towards NATO, Russia suspended the Treaty on Conventional Armed Forces in Europe (CFE), and it no longer felt obliged to fulfill the arrangements, therefore the entire procedure of removal of the troops was blocked (Crandall, 2012, p. 6).

Second attempt to resolve the conflict was the Russia-initiated Kozak memorandum in 2003. Main clauses of the proposal included the remaining of Russian troops for additional 20 years, as well as the creation of asymmetrical federation, which would grant Transnistria with “the power to veto all federal laws until 2015” (Crandall, 2012, p. 6). Being under the rule of the Communist party at that time, which called for balanced politics with Russia and the EU, the then president Vladimir Voronin was ultimately ready to accept the proposal, however because of external pressures from the EU and OSCE, the Kozak memorandum was rejected (Dniester conflict frozen after 15 years, 2007). The lack of clarity and independence of decisions on behalf of Moldavian authorities, indicates the great degree of uncertainty as well as interdependence with Russia. After the withdrawal of the Kozak memorandum, numerous attempts to prolong the stationing of troops were blocked, subsequently leading to Russia’s clear statement that all military capabilities will remain on Moldavian territory until the complete resolution of the Transnistrian conflict (Wolff, 2012, p. 21). Since then however, the conflict settlement negotiations were “frozen”.

The description of events in lights of stationing of the Russian 14th Army on Moldavian territory, aimed at portraying the interdependence of Moldova and Russia. On the one hand, the power politics of Russia which demonstrates the weakness of Moldova and its inability to possess control over its entire territory, and Russia’s security threats, from the approaching

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powers of NATO and the EU, on the other, which allows the former to use the Transnistrian region to block the attempts of Moldova to engage in further relations with the EU and remain its status quo. The following part of the thesis, will continue the notion of David Lake's theory on hierarchical relationship, however it will put economy and mainly energy dependency in the core to prove Russia's influence in the region which affects Moldova's pro-EU driven politics and economics.

Economic influence and energy dependency

The interests of Russia over Moldova are not purely geopolitical, but also geoeconomic. Before 2009, when Moldova was still under the Communists' rule, the bilateral relations with Russia were significant. Since 1994, Moldova is a member of the Commonwealth of Independent States (CIS) framework which is a regional organisation per se and includes mostly former Soviet Republics. The aim of this entity is to create coordination among the members in lights of trade, lawmaking, security, and finance (Interstate Statistical Committee of the CIS, 2016). After Moldova began its closer collaboration with the EU, Russia started using its power within the CIS community to exert pressure and to alienate Moldova from its pro-Western partners. In this regard, the first sanctions on Moldavian wine, fruits, meat products, and vegetables were imposed in 2005, in a period when the country exported 85% of its wine production to Russia (Crandall, 2012, p. 10). According to the Russian Government, the reason behind this decision was the lack of quality control (Crandall, 2012, p. 10). However, researchers argue that the purpose of these bans were driven by pure politics and were used as a weapon to "punish" Moldova's look to the West.

Two years later, when the sanctions were lifted, following the numerous bilateral meetings, along with the significant downfall of Moldova's GDP (7.5% in 2005; and 4.8% in 2006), there has been an improvement in the relations with Russia (Global Finance, 2016). Subsequently, in 2013 just before the ratification of the Association Agreement between Moldova and the EU, Russia imposed another sanctions on wine import, with the purpose to suspend the implementation of the agreement, a statement openly put forward by Vladimir Putin during the CIS Summit in 2014 (Calus, 2015). In the first quarter of 2014, Moldova registered significant decline in its wine export (38%) which subsequently affected the entire country's economy. In April 2014, and after the signing of the AA, Russia again imposed sanctions on 19 categories of products under the CIS Free Trade Agreement (Kostanyan, 2016). Despite that the effects on Moldavian economy were greater in the years when the relations with the EU were less developed, especially prior to the signing of the AA/DCFTA

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agreement, all these sanctions portray the vulnerability and dependency of Moldova within the hierarchical relationship. Along with the economic sanctions on exports to Russia, the energy dependency of Moldova serves as example of Russia's dominance and especially to David Lake's theory, referring to the actions taken from the superior towards noncompliance.

Being completely dependent on natural gas supplies from Russia through Ukraine, this issue is also strongly connected to the unresolved Transnistrian conflict, as it facilitates the exertion of power over Moldova (The Moscow Times, 2013). Subsequently after the withdrawal of the Kozak memorandum, referred to in the previous section, in three subsequent years – 2005, 2006 and 2007, when Russia felt threatened by Moldova's commitment to the EU, it has been imposing bans of gas imports, raising the prices, and leaving the country unable to pay its debt (Bruce, 2007, p. 42). Paying the highest price within the CIS countries, this action once again can be referred to Lake's hierarchical relationship where states can be punished for disobedience. Being put in a dead-lock and unable to rely on gas imports from the EU, Moldova sold large shares of its Moldovagaz to Russia's Gazprom (Crandall, 2012, p. 11). The issue around gas imports cannot be seen as purely bilateral matter because it also greatly involves the Transnistrian region. Despite that Russian companies are mainly located in Transnistria, which leaves the region with higher shares of debt to be paid, the overall obligation of 2.5 billion US dollars concerns the entire territory of Moldova (Crandall, 2012, p. 11). In this regard, Moldova and Russia came to an agreement that Transnistria will pay its debt and will obtain a legal recognition of their stake in Moldovagaz, making the region even more dependent on Russia (Crandall, 2012, p. 12). Despite this settlement, the agreement can be seen as a demonstration of Russian power over the Transnistrian region, as well as Moldova as a whole. Taking into account the explicit energy dependency of Moldova, variety of projects were initiated with the purpose to develop alternatives, however as the analysis part will portray, Russia's political and economic power cannot be easily undermined.

The theoretical overview presented in the last few pages contribute to the formation of a third hypothesis, regarding geopolitics and how those affect the varying performance of Moldova towards EU integration. The influence of Russia over Moldova was portrait using the hierarchical relationship model, which aimed at finding patterns of dominating behavior. In this sense, the two aspects – the stationing of Russian troops on Moldavian territory, as well as the economic sanctions complemented by the energy dependency, clearly demonstrated the reasons why the Transnistrian conflict should be resolved as well as the extent to which Russia can still exert power over Moldova. Taking into account the drawbacks from the

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economic sanctions, the manipulative politics and the inability to find permanent solution to the Transnistrian conflict, the hypothesis which is formed to reflect the above overview states that *progress towards meeting the requirements for EU integration depends on geopolitical influence* exerted mainly by Russia. Based on the theory, the analytical part of the thesis will present the actual results regarding the geopolitical influence on Moldova and to what extent those can serve as explanation to the varying progress of Moldova towards implementing the ENP objectives.

Before resorting to the analytical part of the thesis, which will evaluate the hypotheses and find an answer to the research question in lights of the three aspects studied, the following chapter of this thesis will provide information regarding the research methods used to obtain the results. Followed by the identification of variables and method of analysis, the thesis will continue with the analysis chapter.

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Research Design

The following chapter of the thesis will focus on providing information regarding the research design, the data which is needed to draw conclusions as well as the methods for its gathering. This part of the thesis is important as it contributes to the reliability and validity of the entire project.

Type of the Research and Data Collection

The case selection was made on the basis of personal interest regarding the development of Moldova-EU relations, as well as former's probability of becoming a membership candidate. The thesis takes the form of a small N research, as it focuses on tracing the behavior of Moldova over time focusing primarily on the time-period between 2012 and 2015, where each observation is a year. It can be noticed that the thesis uses the Causal Process Tracing (CPT) approach, which allows for causal inferences to be made, based on theory and taking into account the importance of time (Blatter & Haverland, 2012, p. 2). This approach is suitable for the research question at hand because it is interested in studying the causes of the effects. Other aims of the CPT method include providing a thorough description of events; clarify particular process in time and find causes behind; as well as understand the motivations of the actors involved (Collier, 2011, p. 824). Furthermore, crucial feature of CPT approach is that it starts with the assumption that plurality of factors creates the outcome, approach which is used in the current thesis (Haverland & Blatter, 2012, p. 24). The thesis concentrates on a particular time period which drives the research to adopt deductive approach by using longitudinal design which would allow for some causal inferences to be made in the end. The goal of the research is to explain the causes behind Moldova's varying European integration performance by using proper concepts and factual evidence to structure and analyse the evolving relations between Moldova and the European Union in a proper time-order sequence. In this sense, the following part of this Chapter will explain how the data for the variables is collected and processed.

In order to determine the outcome of the thesis, along with the theory, the indicators through which the hypotheses will be tested are coded in official documents such as bilateral and multilateral agreements, treaties, decisions, the purpose and the outcomes of meetings, negotiations, visits, and conferences. One document in particular, which will serve as a both – independent and dependent variable, as well as a comprehensive source for withdrawing necessary data, is the European Neighborhood Policy instrument and in particular the progress reports. Those in turn, along with Moldova's Action Plans, developed to highlight all the

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objectives that need to be implemented, will serve as identification of the factors influencing progress (independent variable) and determine the actual policy progress (dependent variable). In this sense, on the basis of the objectives outlined in the Action Plan as well as the evaluation of those, the independent variables, or simply put the explanatory variables are *political support*, which, as stated above, is based on the commitment of political parties towards EU integration; intensity of *economic ties* between Moldova and the EU and to what degree those can explain the variation of progress; and the *geopolitical context*, which involves the role of external factors mainly concerning the involvement of Russia in the politics and economics of Moldova and the effects of those relations. The dependent variable, therefore, or the outcome variable, is the *progress of Moldova towards meeting the requirements for EU integration*, which would determine the effect of the independent variables. In order to measure the progress of Moldova over the specific period of time, the annual progress reports issued by the EC are used as a primary source.

Taking into account the identified independent variables – political support, economic ties, and geopolitical context, the progress of the country in lights of the political aspect, will be measured through the number of administrative reforms made throughout the studied period which mainly concentrate on major issues such as combatting corruption at all levels, approximations to EU law in the judicial sector, the changes in the rule of law which include indicators such as effective enforcement of policies, transparency, security, human rights protection etc. Moreover, the adherence to democratic principles which is the fundamental principle of the EU, will be measured with the purpose to determine the level of progress of Moldova towards EU integration, which de facto means approximation to the *acquis*. Following this data, the results will be compared to the political commitment, which is based on the political ideologies of the governing parties and whether their politics reflect their political programmes and commitments.

Economic integration also plays important role for the overall EU integration, taking into account the theory on European integration, this is why it has also been identified as a factor to influence progress. After the identification of the difference between the concepts of economic development and economic growth, both of them will be measured as to create a more comprehensive picture of Moldova's performance over time. Moreover, as the free trade has been identified as an important step for the economic integration process, measurements to reflect the pre- and post- DCFTA signing will provide the necessary information for comparing Moldova's progress.

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When it comes to the geopolitical area of focus, the theoretical part of the thesis focused on issues such as security, economy and energy as determinants of Russia's power over Moldova. The analysis part, however, will further the theoretical notion and clarify how this factor contributes to the variation of Moldova's progress towards meeting the ENP objectives.

Before the formation of the variables, literature review and a theory were provided. In order to further enhance the validity, reliability and the replicability of the thesis, in-depth information regarding the methods used to gather the necessary data will be provided in the following pages.

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Methods for Data Collection

For the purpose to gather extensive amount of information which would fulfill the framework of the thesis, many academic books and articles, documents, newsletter articles, various web sources, as well as progress reports were used. In order to avoid bias and enhance the credibility of the sources, those were carefully chosen. Many researchers suggest numerous ways to test the credibility of a source such as the importance of a peer-review, the credibility of the publication's platform, the reputation of the author, as well as the use of trustworthy sources for obtaining statistical data such as Eurostat, IMF, the World Bank and the like. (Mills, 2015). Furthermore, the importance of presenting subjective and unbiased information was kept throughout the thesis. In this regard, variety of sources was studied, as well as comparison of different points of view (e.g Moldavian, Russian, EU) was made.

The data regarding the variables mentioned above – factors which influence progress, and the actual progress towards meeting the ENP objectives will be collected mainly from the ENP instrument – the Action Plan for Moldova as well as the respective annual progress reports. On the basis of theory of European integration as well as the division of objectives within the Action Plan into political, economic, and other aspects which detach the socio-economic development of Moldova, the necessary data in respect to reforms and their progress through the studied period is collected and further analysed to understand the causes of the unstable performance of Moldova over time.

As mentioned in the beginning of this Chapter, many sources were used such as academic books and articles, newsletter articles, and online sources. Many databases were also used which are thought to enhance the credibility of the particular piece. Those include - Leiden University catalogue (university's library, when the sources are not available online), Google Scholar, Web of Science, Jstor, Lexis Nexis, ProQuest for obtaining historical data on past events, Eurostat and the Official Bureau of Statistics of Moldova. The official website of the EU and the related institutions, as well Moldova's Government website was also used. It has been widely agreed that there are many disadvantages of using Internet sources, despite the popularity of the platform those were published. One of those is the lack of peer-review. However, bearing in the mind this considerable weakness, this thesis provides reliable findings, taking into the account the above-mentioned criteria for examining the credulity of a source. In this sense, the following Table illustrates some of the online sources which were used, and are also presumed as credible.

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News Agencies	Statistics and Analyses	Official Documents and Publications
http://www.moldpres.md/en/	http://www.e-democracy.md/en/	http://www.moldova.md
http://www.infotag.md/	http://www.heritage.org/index/country/moldova	http://www.europa.eu
http://novostipmr.com/ru	http://www.statistica.md/index.php?l=ru	http://eeas.europa.eu/enp/documents/progress-reports/index_en.htm
http://ava.md	http://particip.gov.md/statistics.php?l=ro	http://www.mfa.gov.md/
http://www.rferl.org/section/moldova/160.html	http://ec.europa.eu/eurostat	http://www.eubusiness.com/documents
http://neweasterneurope.eu/	http://www.eap-index.eu/	http://www.constcourt.md/pageview.php?l=ru&idc=54
https://world.einnews.com/country/moldova	http://www.imf.org/en/Data	http://www.osce.org/moldova
http://www.topix.com/world/moldova	http://data.worldbank.org/	http://www.imf.org/external/country/mda/index.htm

Table 2. A list of the online sources which were used to collect the necessary data

The presented Table portrays part of the sources which were used for gathering the necessary information for the thesis. In order to avoid any bias or personal affiliations to the topic, worldwide recognised news agencies were used. Examples of such news platform are the BBC News, The Guardian, The New York Times, Euronews, Euractive etc.

After giving an extensive overview of the design of the thesis as well as the methods through which the literature review and the theory were obtained, the following part of the thesis will concentrate on evaluating the hypotheses and coming to a conclusion, based on the above-provided theory and the progress reports.

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Analysis

Many changes in the already obsolete legislative, political, and economic systems of Moldova have been successfully implemented through the years of bilateral collaboration. Some of those include the liberalisation of trade, privatisation of many state-owned enterprises, development of legal framework for a market system, approximation to democratic standards, and following the principles of good governance. However, taking into account the limitations of the thesis, the analysis will focus primarily on the years between 2012 and 2015 because of the crucial events which greatly affected the political, economic, and social orientations of the country. Despite that 2009 has been considered as the year to put the beginning of a new era for country's future, it was not until 2012 when major changes as well as internal and external challenges influenced the performance of Moldova towards the implementation of EU integration policies and objectives. In this sense, with the purpose to analyse and understand the main reasons behind the varying performance of the country towards strengthening its EU stance, the progress reports of the ENP instrument which give an extensive overview of the political, economic, and social development of Moldova will be reviewed within the studied period.

The progress reports which are developed by the European Commission consist of two parts – narrative description of the annual achievements of the particular country within the ENP framework in the political, economic, human rights, security, and social spheres of work; and statistical overview of the above-mentioned categories, the numbers of which are determined by national and international statistical platforms and institutes. Along with the theory and the literature review provided previously, in order to determine the actual answer to the research question the data from the progress reports will serve as connection between theory and facts. In this respect, the first part of this chapter will explain descriptively the progress (or the lack of one) regarding Moldova's political, economic and geopolitically influenced areas of focus in lights of the EU integration programme in the years 2012-2015. Subsequently, after providing the overview, statistical representation of the relevant to the hypotheses fields of study will be presented and then narratively evaluated to determine the answer to the research question.

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Evaluation of the Hypotheses and Overall Situation in Numbers

It has been mentioned numerous times throughout the thesis that since 2009 the Government of Moldova consisted of pro-EU oriented parties namely - Liberal Democrat Party, the Democratic Party and the Liberal Party, forming the so-called Alliance for European Integration. Despite the many uncertainties through the years of development, many indications show the determination of country's leaders to pursue EU integration, rather than tighten its relations with Russia. However, despite those factors, many events as well as statistics show otherwise.

There are many changes within the political, economic, and social spheres which were implemented within the past four years, however despite that Moldova is highly pursuing approximation to EU standards in all fields, variation, as well as deterioration in major integration indicators has been detected. As a whole, however, the past four years have been marked by many events which lowered nation's trust in Government, resulting in two thirds of the population to express concerns regarding the political direction of the country by placing corruption as a major problem. Research among the Moldavian society points out to the mutual certainty that Government officials are the ones to initiate actions towards combatting the ingrained in the culture corruption (Lake, Pultorak, & Mermin, 2015, p. 4).

What is also crucial to mention, is that most recent opinion polls, conducted in the end of 2015, suggest that higher percentage of Moldavians (43%) would vote "for" joining the Eurasian Customs Union, compared to 41% for the EU, however most of the population believes that the country will be strongly associated with the EU in the future (Lake, Pultorak, & Mermin, 2015, p. 44). According to sociologists, these varying results are the outcome of the years-long held "patience" of the Moldavians, bearing the costs of corrupt leaders and their vested interests. As a whole, the population of the country expresses discontent and claims decline regarding their quality of life compared to years before 2015 (Lake, Pultorak, & Mermin, 2015, p. 11). Moreover, if Parliamentary elections were to be held again, the majority of the society identified as an answer that they do not know for whom they would vote and point to the "no one" as an answer to the question of which party would improve the situation of Moldova (Lake, Pultorak, & Mermin, 2015, p. 31).

With the purpose to clearly visualise the actual variation of the country towards EU integration based on specific indicators, the next few pages will be divided into three parts to trace the political, economic, and geopolitical changes in Moldova throughout 2012 and 2015.

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Progress towards meeting the requirements for EU integration depends on political support

Through the studied years – 2012-2015, there have been periods of political stability as well as instability, the causes of which were the often corruption allegations, the lack of transparency of actions towards EU integration, the involvement of political figures in illegal practices, resulting in the overall diminishing confidence of the society in political parties, the Government, the Parliament, and the Presidency. When in 2012 the President Nicolae Timofti was elected, this act was thought to bring a significant period of political stability, however the event which was described earlier and resulted in the resignation of the general Prosecutor from office, destabilised the political atmosphere in the country. Two major problems - the high level of corruption at all levels, together with the poor judicial system remain significant, despite the numerous “attempts” to build a system based on EU principles. Three indicators for EU integration will serve as measurements, which will determine the relations between the political commitment of the governing coalition towards EU integration objectives and the actual progress or regress towards fulfilling them. Those namely are – *transparency and corruption index; democracy index; and rule of law*. All of those are reflection of EU integration standards, the implementation of which greatly depends on the level of political commitment.

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Transparency and Corruption

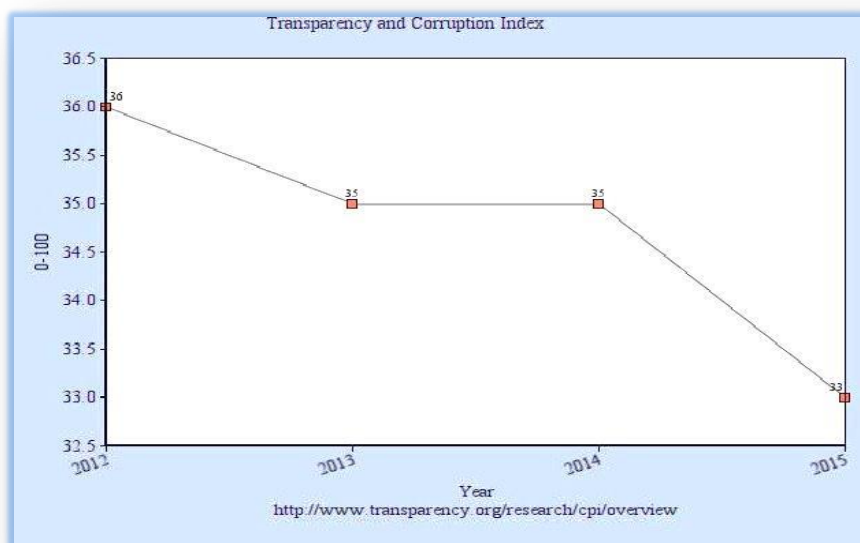
According to research, the most corrupt areas are in the health sector, customs, education, police, judiciary, ministries, municipal and local administrations (Carasciuc, 2001, p. 26). In 2012, the reforms in the field of corruption and transparency were identified as “ambitious” however not fully effective (High Representative of the European Union for Foreign Affairs and Security Policy, 2013, p. 2). Action plans, financially supported and monitored by the EU, have been developed as to strengthen the work of the judiciary, however no progress towards the access to justice has been noticed. A two-year plan has been adopted by the Centre for Combatting Economic Crimes and Corruption (CCECC) which was thought to put the stepping stone towards a more comprehensive programme, taking into account the complexity of the issue (High Representative of the European Union for Foreign Affairs and Security Policy, 2013, p. 6). Moreover, decentralisation strategy has been adopted in mid April 2012 with the purpose of allocating more power to regional authorities, a policy which has been considered as crucial for combatting corruption at all levels. However, as this initiative requires reducing the number of the working personnel in the administrative sector, substantial stagnation of development has been encountered.

Followed by major political instability in 2013 which further deepened the mistrust of the society, and the democratic credibility of the institutions was questioned, many changes were required. Corruption allegations and illegal practices continued to slow down the pace of the overall progress of the country towards the implementation of the ENP objectives, which is clearly noticeable in *Graph 1*. The judicial reforms, notably the ones within the Prosecution, became of prime importance following particular events which drove the attention of the EU. At the end of 2013, the Parliament adopted laws which were thought to demolish corruption within the judiciary, promote transparency and communication, as well as tighten supervisory practices (High Representative of the European Union for Foreign Affairs and Security Policy, 2015, p. 2). Despite that the fight against corruption advanced in the second half of the year, questions regarding the effectiveness of the anti-corruption institutions were raised, taking into account the absence of legal frameworks as well as resources. In 2014, two major events – the signing of the AA/DCFTA on 27 June 2014 – ratified 2 July, as well as the abolishment of the visa regime to the EU on 28 April, seemed to shift the attention from other “sensitive” issues such as corruption. According to the progress report “[M]oldova’s political and economic development continued to be hampered by systematic and high level of corruption” (High Representative of the European Union for Foreign Affairs and Security

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Policy, 2014, p. 6). Recommendations from previous years suggested the National Anti-Corruption Centre to become independent, as currently it continued to collaborate closely with the Government, rather than the Parliament, however no actions have been taken in this regard (High Representative of the European Union for Foreign Affairs and Security Policy, 2014, p. 6). Lastly, in 2015 despite the political instability and the limited functioning of the Government which was the result of mass discontent from accumulated events, the political dialogue was strengthened taking into account the multiple visits of EU representatives on Moldavian territory and vice versa. As much as 674 cases of corruption have been brought to the courts where 48% of those were against persons from the justice sector and the rest of the cases include people from the public administration and the banking sector, healthcare and education sectors (European Commission, 2014-2016, p. 7). Many corruption allegations were raised against political figures, public authorities, judges and prosecutors. Public administration, as a whole, presents the very basis for the implementation of the entire project of EU integration, this is why its proper functioning and timely reforms are crucial for the performance of the country. Within the studied time-period however, the progress within the administration was considered to be “modest”, given the slow pace of reforms (European Commission, 2014-2016, p. 17).

Taking into account the importance of corruption which stagnates the progress of Moldova and also affects many other policy areas, on the basis of this indicator many inferences regarding the political performance may be formed. In this sense, the following Graph portrays Moldova's corruption ranking within the studied period – 2012-2015.



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Graph 1. Transparency and Corruption Index (0-100 where 0 - highly corrupt; 100 – very clean). Source: <http://www.transparency.org/research/cpi/overview>

The Corruption Perception Index determines the values of how corrupt the particular country's public sector is perceived to be. The survey is conducted among 170 countries and the higher the score, the less corrupt the public sector is. As it can be noticed in the studied case there is an overall slight deterioration in Moldova's corruption index through the studied years. The values for this measurement were withdrawn from the ENP progress reports concerning the respective year of study.

Despite the overall political stability in 2012 and the first quarter of 2013, as well as the "ambitious reforms" which have been undertaken during that time, many political events involving members of the governing coalition "shook" the country. At that time, the founder and the leader of the Liberal Democratic Party of Moldova – Vlad Filat served as Prime Minister. According to research, his politics were rather unstable, accusing Filat in poor implementation of judicial reforms. His involvement in the hunting party in 2012, mentioned earlier in the thesis, is a major event which brought the attention to state officials, and more notably to the EU (Calus, 2015). Consequently, the resignation of the general Prosecutor who was involved in covering the murder case weakened nations trust in the government. All these major events along with the many other reported and unreported cases of corruption, affected the world rank of Moldova by raising the country by five places.

After the resignation of Vlad Filat and the appointment of Iurie Leancă from the Liberal Democratic Party as Prime Minister in May 2014, the political reforms continued. Despite that Leancă was seen as a figure of change and guarantor of reforms, his suggestions to depoliticise general prosecutor's office, and to diminish the level of privatisation of state enterprises were seen conflicting to Democratic Party's interests. (Calus, 2015). Therefore, after the November elections he was not re-elected. From the visual representation provided above it can be noticed that the score between 2013 and 2014 remained stable under Leancă's governance.

It is clearly noticed from *Graph 1* that between 2014 and 2015 there has been even greater deterioration of results compared to the 2012-2013 decrease which can be explained by the overall instability within the country which further stagnates the process of reforms. In November 2014 Parliamentary elections were held, leading to the formation of minority coalition between Liberal Democratic Party and the Democratic Party of Moldova. Supported

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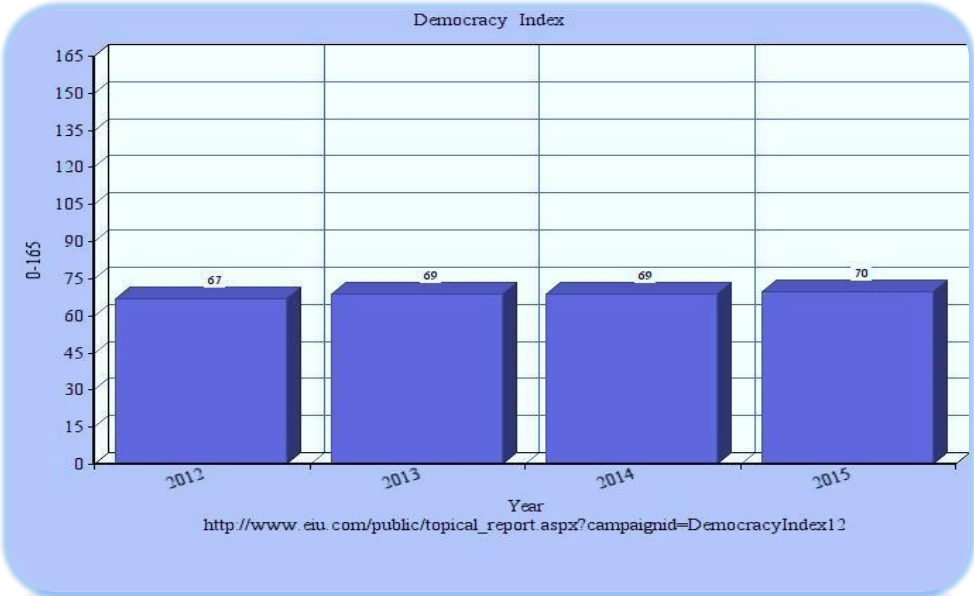
by the Communist party, the newly formed Political Alliance for a European Moldova (APME) appointed Chiril Gaburici, a Liberal Party candidate, as Prime Minister. Public discontent arose regarding Gaburici's appointment considering his poor political background and his close relationship with Vilat and Plahotniuc (Calus, 2015). One of the most notable events which caused even greater discontent of the society and the international institutions was the banking scandal, which was a clear indication for the ineffective policies within the banking sector, as well as the implemented anti-corruption measures. As a consequence International Financial Institutions (IFI's) stopped financing the country and a shift of focus of attention was required.

As inference for this indicator, it can be said that despite the pro-EU oriented politics between 2012 and 2015 as well as the overall "good" level of implementing political objectives, the high level of corruption remained and it even increased, which subsequently leads to many consequences on national and international level as well. Taking into account the theory, complemented with facts, the variation of results concerning the anti-corruption policy measures may be attributed mainly to the poor capacity of many political figures, taking into account their involvement in business and their lack of political background whatsoever; the poor implementation of decentralisation strategies which further decreases the effectiveness and the control; last but not least an overall lack of resources for the effective and transparent implementation of ENP objectives.

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Democracy Index

As mentioned previously, one of the points of the Copenhagen criteria for EU integration suggests the importance of democratic stability of the institutions and the adherence to the principles of the Rule of Law. In this sense, the implementation of the EU integration objectives in this field is important for the overall estimation of Moldova’s progress. Before independence, and certainly not before Moldova tightened its relations with the EU in 2009, the adherence to and the implementation of democratic principles seemed not to be a priority for state officials rather than gaining power and/or economically stabilise the country. Between the 2012 and 2015, the country has been making progress towards ensuring free and fair elections, numerous changes have been initiated in the civil service sector, however the constant political instability, which affects the proper functioning of the government, along with the not-so-favorable political culture, put the country under the category of *flawed democracy* and rank its democratic performance in 68.75/165 on average for the past four years. In order to support the words with numbers, the following *Graph* presents Moldova’s democracy index scores.



Graph2. Democracy Index, based on five indicators where the lower the score, the more democratic the state is perceived to be. Source: <http://www.eiu.com/home.aspx>

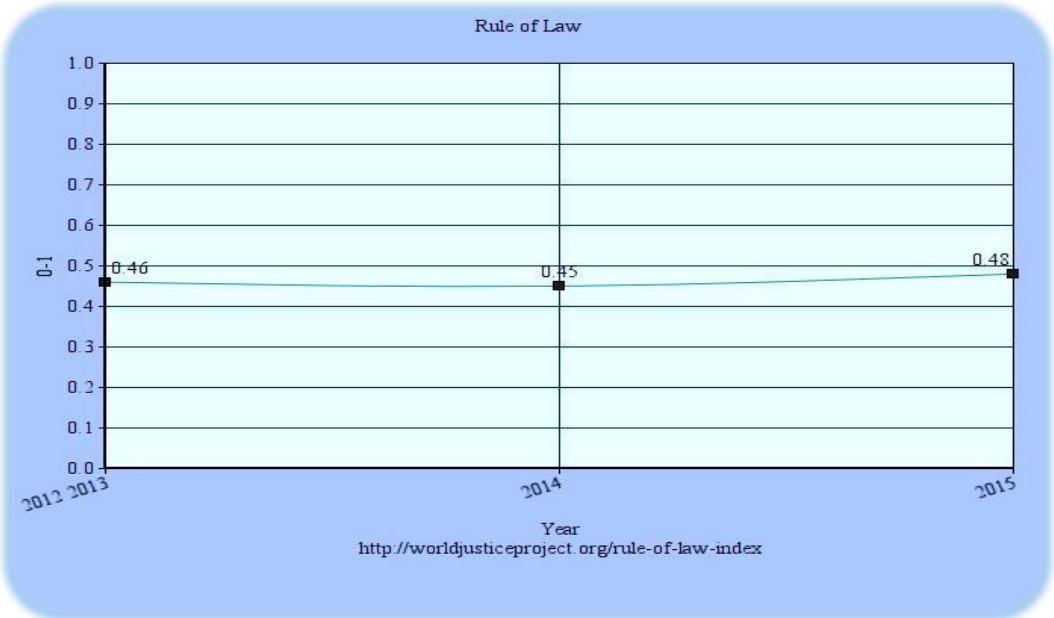
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Conducted among 165 independent states, this criterion is formed on the basis of five indicators, namely – free and fair elections; civil society participation; proper functioning of the government; political participation as well as the overall political culture in the country (High Representative of the European Union for Foreign Affairs and Security Policy, 2014, p. 10). From the visual representation it can be inferred that there is a slight deterioration in the democratic performance of the country more notably between 2012 and 2013, and to a lesser extent between 2014 and 2015. These lower scores can be attributed to the political instability, especially between the end of 2012 and the beginning of 2013, the corruption scandals, which strongly relate to the functioning of the government, as well as the number and the effectiveness of the implemented EU integration objectives in the sphere of politics and socioeconomics. The slow pace of progress is an indication of the inability of the country to effectively implement the necessary steps towards more democratic performance. Furthermore, taking into account Moldova's historical ties with Russia as well as the overall political and economic instability in the region, further complicates the process of integration. Therefore, despite the fact that during the years of reforms the government consisted of pro-EU oriented parties, clear variation even deterioration is noticeable in Graph 2, and the reasons for that may be attributed to the corrupt government, which blocks the effective and transparent policy implementation in key areas as well as the internal political events which causes instability and therefore improper functioning of the government.

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Rule of Law

Last but not least, another criterion based upon which the political and institutional approximation to EU standards can be estimated is the Rule of Law. The latter concept forms a system which evolves around four principles, namely that 1. All individuals, public and private institutions and entities are accountable and equal under the law; 2. All laws are clearly defined, publicised, and equally implemented, respecting and protecting the core human rights; 3. All laws are administered and applied in a fair and transparent manner; 4. Justice as such is ensured by ethnical, knowledgeable, independent and neutral representatives (World Justice Project). Taking into account the four main principles forming the Rule of Law concept, in order to statistically determine the level of adherence to its principles, eight indicators were included. Those reflect any restraints on government powers; level of corruption detected at all levels of governance; the extent to which the government is open; adherence to basic human rights principles; internal threats to order and security; the level of effective enforcement of particular regulations and policies; civil and criminal justice transparency, effectiveness and application (World Justice Project, 2015, p. 15) *Graph 4* below summarises Moldova’s scores on the Rule of Law criterion where the maximum score is 1 and the lowest is 0 meaning that the higher the estimated score, the more developed in the adherence to the Rule of Law principles the state is.



Graph 4. Rule of Law Index, based on eight indicators where 0 signifies lowest, and 1 – highest score. Within the calculations, one-hundred-and-two countries were included. Source: <http://worldjusticeproject.org/rule-of-law-index>

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From the visualisation a clear improvement in the results of Moldova's Rule of Law index can be noticed. However, if one takes into account the multiple criteria which this index comprises of as well as the average of those scores, it cannot be inferred that developments are equally distributed among the areas of study. For example, in 2012-2013 calculations in the field of corruption Moldova scored on average 0.35, whereas in the third studied factor – Order and Security it scored relatively high with 0.77. Therefore, the Rule of Law can be taken as a comprehensive measurement to evaluate EU integration, however other important indicators, such as the already analysed in previous pages, and the ones to follow, have to be evaluated separately. Another inference that can be made when taking a look at the *Graph* and comparing the results of Moldova to the general distribution of Rule of Law scores among the studied countries, is that despite the rather growing tendency of improvement, the overall score remains relatively low. For instance, if the most recent score from 2015 is taken, which is 0.48, Moldova is being placed on 69th place out of 102 which is with almost 20 positions higher than the half of all participant countries (World Justice Project, 2015, p. 6). On this account, put in one sentence it can be said that Moldova is slightly progressing within its personal performance, however on a global scale the country is placed before Russia, and Turkey, and the rest mostly being African countries.

As portrayed, Moldova's performance in lights of key ENP objectives is rather unstable through the years, the causes for which are mainly attributed to the inability of political figures to implement their programmes. Many events which led to mass protests, the discontent of the society as well as early elections contribute to the unstable and rather chaotic EU oriented atmosphere in the country. Despite that the pro-EU oriented political entities declared their commitment to promote EU integration, the varying performance of Moldova as portrayed earlier in the chapter is a clear indication of the inability of those to effectively implement and ensure the stable application of policies. To summarise, the political commitment of the pro-EU oriented parties in Moldova is present on theory, however their actual support is slightly noticeable taking into account the varying performance of Moldova. As main reasons for these drawbacks are the identified high levels of corruption at all areas of focus, including the involvement of many political figures; the dependence of the judiciary and its ineffective performance; the lack of political will and knowledge on how to implement the European reforms; as well as the appointment of political leaders with no sufficient background in politics.

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Progress towards meeting the requirements for EU integration depends on the intensity of economic ties

Following the inference regarding the political aspect of the thesis, that political commitment is necessary for the implementation of integration objectives, however in the case of Moldova this notion encounters difficulties considering the high levels of corruption and variety of other factors, this section will analyse the economic situation and the stage of the relations between Moldova and the EU with the purpose to identify the reasons for the instability of country's performance.

Within the past four years, the economic ties between Moldova and the EU have developed significantly. If one traces the economic intensity between Moldova and the EU through the years it would be portrayed as follows: the PCA agreement signed in 1994 which was the first official document between Moldova and the EU, primarily focusing on assisting Moldova towards transition to market economy; the ENP instrument launched in 2004 with the aim to economically, politically, and socially integrate the countries from Southern and Eastern Europe; the 2008 development of the so-called Autonomous Trade Preferences which give the opportunity to Moldova to export greater variety of products to the EU; and their replacement by the DCFTA framework, signed in 2014 which set a free-trade area. The free trade area is considered to be an important step in the overall integration process of Moldova as it is one of the five stages of EU integration, referred to earlier in the theoretical part.

As already portrayed, it is largely thought that along with being part of the EU integration framework, the incentives to diminish the economic distance between the particular actors – in this case Moldova and EU member states, are driven by the higher benefits received. In this sense, technological advancement, industrial innovations, variety of products and their better quality, higher price for products sold abroad, lowering the domestic production cost, higher mobility, foreign investment and greater job market are only part of the benefits which the economic integration may offer (Piana, 2001). According to the economist Lawrence B. Krause, economic integration affects mainly three areas of focus and those include trade in manufactured goods, agriculture and foreign investments (Chourou, 1976, p. 77). However, in order to give even more extensive picture of Moldova's economic development under the ENP framework, this Analysis section will give an overview, and therefore comparison of the economic situation of Moldova before and after the ratification of the DCFTA agreement, as the latter is thought to “bolster trade, attract foreign investment and improve competition, the business environment and quality and safety standards in general” (High Representative of the

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European Union for Foreign Affairs and Security Policy, 2014, p. 11). For this purpose, analysis on the GDP per capita rate; trade patterns between Moldova and the EU; as well as the comprehensive indicator for development – The Human Development Index (HDI), which is perceived to be “the most appropriate tool to gauge the development in the economy” will be presented as to reflect both - economic growth and development, which are substantial ingredients for EU integration (Surbhi, 2015).

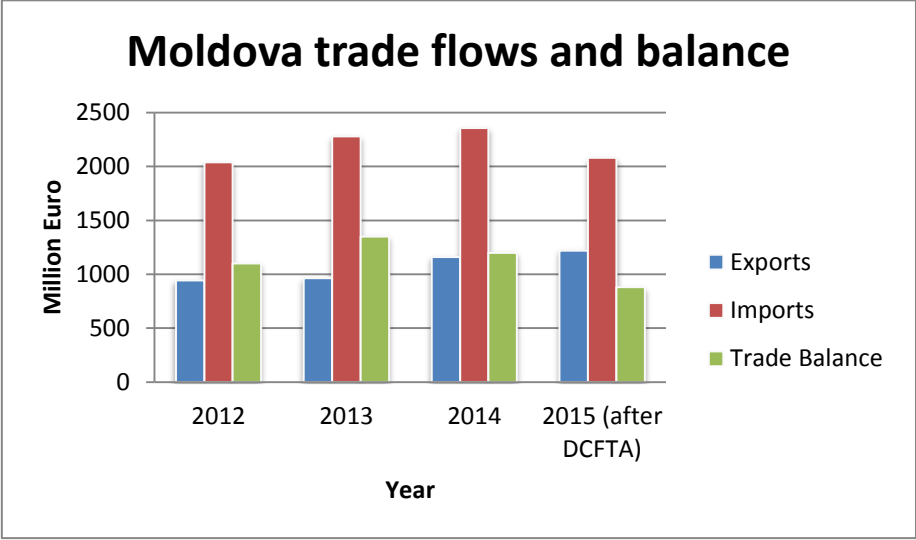
Measuring the effects of integration on economic performance

Many theories suggest that the main purpose of any integration process, especially the one directed towards the EU, is to “encourage and increase trade between the adhering members”, therefore the examination of the trade relations between the involved parties becomes a primary focus of interest (Chourou, 1976, p. 65). Furthermore, this measurement has been considered as an effective tool to determine the effects of integration of a country (Chourou, 1976, p. 65). Therefore, this section will concentrate mainly on trade relations between Moldova and the EU and how those changed during the studied years, and especially after the signing of the DCFTA. In the course of the bilateral relations between Moldova and the EU, Moldavian export of goods to the EU has been marked by significant increase, especially in the past decade. The reasons for this trend are mainly attributed to the intensification of the trade relations with the EU, as well as the overall interest of the national producers to expand trade partners, given the economic bans imposed by Russia (Popa, 2015, p. 6).

Since the 2008, the trade relations between Moldova and the EU have been based on the so-called Autonomous Trade Preferences (ATP's) which give the opportunity to Moldova to export great variety of products to the EU (High Representative of the European Union for Foreign Affairs and Security Policy, 2013, p. 11). However, since 2014, the ATP's have been replaced by the DCFTA, the negotiations for which were officially launched in 2012. The DCFTA is considered as a major step towards strengthening the bilateral relations between the EU and the respective country as it “[...] removes import duties for most goods traded”, and subsequently it will “[...] improve governance, strengthen the rule of law, and provide more economic opportunities by further opening the EU market to the Moldavian goods and services” (European Commission, 2016). Moreover, according to estimates, as a whole, the signing of the AA/DCFTA would result in GDP growth between 5.4% and 6.4% (Micco, 2015, p. 9).

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The following graph which gives an overview of the trade flows between Moldova and the EU before and after the signing of the DCFTA will mark the actual analysis of the economic situation of Moldova.



Graph 4. The trade flows between Moldova and the EU within the years 2012-2015. The values are presented in Million Euro. Source: ENP progress reports; http://ec.europa.eu/eurostat/statisticsexplained/index.php/European_Neighbourhood_Policy_-_East_-_statistics_on_trade_flows_with_the_EU

During the studied years, the EU remained Moldova’s biggest trade partner, followed by Russia, and Belarus. When talking about exports and production, Moldova is mainly specialised in agriculture, exporting wine, textile, vegetables and fruits to its biggest trade partner – EU-28 where 68% of the products are directed to (European Commission, 2016). In this regard a very important factor which affects the agriculture are the meteorological conditions, on which the level of productivity greatly depends upon. It can be noticed from the graph that between 2012 and 2013 there has been a minor increase in the exports from Moldova to the EU-28, in comparison to 2014, and this can be attributed to the adverse meteorological conditions resulting in 22% decrease in agricultural production, as well as weakened EU activities (High Representative of the European Union for Foreign Affairs and Security Policy, 2013, p. 11). The bilateral trade flows amounted for 2.7 Billion euro, where Moldova mainly exported machinery, clothing, and variety of fats and oils (High Representative of the European Union for Foreign Affairs and Security Policy, 2013). In the following year, Moldova had significant economic growth by raising the overall production by 36%, and subsequently affecting the exports to the EU, which were marked by 9.5%

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increase (High Representative of the European Union for Foreign Affairs and Security Policy, 2014, p. 10). During the studied year, when the economic relations were still based on the above-mentioned ATPs, along with the exported goods the EU has liberalised the import of Moldavian wine, considering the imposed bans from Russia. All in all, more than 3.300 EU standards were implemented and 269 old ones were demolished in accordance with the EU acquis (High Representative of the European Union for Foreign Affairs and Security Policy, 2014, p. 12). Furthermore, in June 2013, the negotiations regarding the signing of the AA/DCFTA were complete, putting the relations between both parties on a higher level.

Further increase in the exports to the EU can be noticed between 2013-2014 considering the restrictions from Russia as well as the Ukrainian crisis, which drove Moldova to further enhance its relations with countries from the EU. In this regard, three new tariff-rate quotas on Moldavian fruits were removed. During the studied period, the AA/DCFTA was signed subsequently leading to the initiation of further measures such as the removal of import duties. In this regard, as *Graph 4* clearly shows, in 2015 only one year after the signing of the DCFTA Moldova encountered steady increase in exporting goods, as it also expanded its trade to greater variety of EU members (Popa, 2015, p. 4). The increase is mostly significant in the agricultural sector where Moldavian products to the EU encountered 10.8% increase, compared to previous year, which was contrary to expectations, considering Russian bans (Popa, 2015, p. 4). In comparison, while the EU remained biggest trade partner of Moldova during the years studied, after the DCFTA framework came into force, there has been significant decrease of the bilateral trade relations of Moldova and other CIS countries, mainly referring to Russia.

When it comes to imports, Moldova receives machinery, refined petroleum, cars, chemical products, and tobacco from the EU (European Commission, 2016). In three subsequent years – 2012, 2013, and 2014, Moldavian imports from the EU have been marked by steady increase as well as variety of products traded. However, instability and deterioration of numbers by 16.4% can be detected between 2014 and 2015 (Popa, 2015, p. 18). According to research, the reasons may be attributed to the more expensive rate of the imports as well as the overall political and economic instability in the EU and Moldova as well. As an overall, major decline in imports to Moldova has been encountered in agricultural products – 20.4% and manufacturing – by -14.7% (Popa, 2015, p. 19).

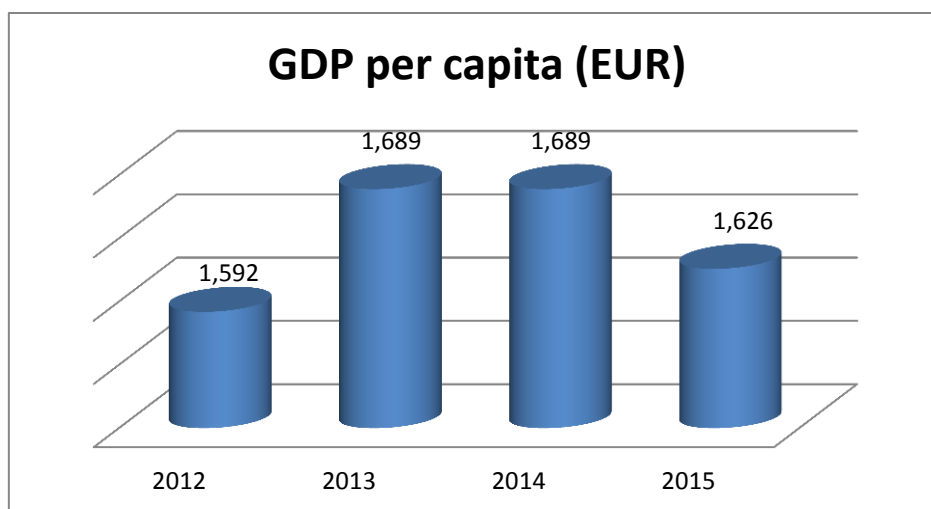
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In conclusion for this indicator, it can be inferred that despite the political and economic instability of Moldova through the studied years, the signing of the DCFTA has contributed to an overall increase in trade patterns especially in exporting products to European countries. Significant increase has been detected in agricultural products, where Moldova is mostly specialised in. The imports to Moldova, however were marked by downfall of values within one year, the reasons for which may be attributed to many factors such as overall instability of both trade partners as well as the direct competition of Moldavian and EU producers which results in overall downfall of imports (Popa, 2015, p. 20). The positive trend of Moldavian trade before and after the free trade area speaks for significant degree of implementation of integration objectives, however taking into account the overall economic situation of the country compared to the rest of Europe, the shift to the second phase of economic integration which is the establishment of customs union may take longer than expected, considering the complexity of reforms as well as in other areas such as politics and geopolitics, where as portrayed earlier and further, significant problems are identified.

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GDP per capita

Following the overview of the trade relations between Moldova and the EU and how those changed in the course of four years, economists agree that the most appropriate tool to measure the degree of economic growth of particular state in transition is the estimation of the GDP per capita (United Nations, p. 265). By definition GDP per capita estimates the total production of the country, divided by the number of people in that country (United Nations, p. 265). The rise in numbers speaks for greater productivity and overall increase of economic growth (Investopedia, 2016). The following table illustrates Moldova's change in GDP per capita through the studied years – 2012-2015.



Graph 5. Gross Domestic Product per Capita of Moldova, estimated in Euro, reflecting the studied time-period between 2012-2015. Source: ENP progress reports; http://ec.europa.eu/eurostat/statisticsexplained/index.php/European_Neighbourhood_Policy_-_East_-_economic_statistics

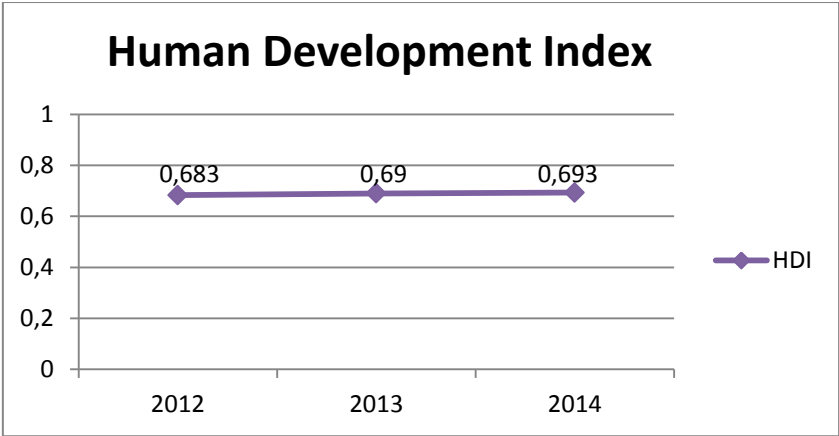
Being the poorest country in Europe, an overall instability can be noticed. The sharp increase in 2013 can be connected to the increase in export, portrayed in *Graph 4*, as well as the removal of ATP's on some products following Russian sanctions, which significantly increased the collaboration of Moldova and the EU. The significant downfall of GDP per capita values in 2015, the ENP progress report attributes to the volume of investments, which were marked by a downfall following the banking scandal in 2014 which questioned the overall solidity of the investment climate. Another trend which the graph shows is that despite the signing of the AA/DCFTA, which was thought to boost the economy of the country, other events, such as afore-mentioned bank scandal, the instability of the cabinet, the ineffective reforms and the majority of other factors outlined in the political aspect, hamper investments

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and all sources of productivity which negatively affect the overall production cycle and therefore influences negatively the wellbeing of the nation. Despite that, as mentioned in the theory economic growth is mostly suitable for developed countries as it traces growth effects in long-term, this measure aimed at portraying that there is no stable performance of Moldova regarding growth of the nation. The following measurement will portray Moldova’s degree of economic development which is more suitable for establishing pattern of integration over time.

Human Development Index

The Human Development Index (HDI) was developed with the purpose to estimate the degree of human capabilities development, which when complemented with economic growth would create a comprehensive overview of the entire situation within the studied country (United Nations Development Programme, 2015). This indicator is outlined within the ENP progress reports which summarises the annual changes within three dimensions including decent standards of living, access to knowledge, and long and healthy life (High Representative of the European Union for Foreign Affairs and Security Policy, 2013, p. 18). Those in turn are formed three relevant indicators – GNI (per capita); expected years of schooling; as well as life expectancy at birth to form the HDI index (United Nations Development Programme, 2015). The following graph summarises Moldova’s performance in all areas of focus within the studied years. The year 2015 is not included in the estimates, taking into account the unpublished nature of the report concerning that year.



Graph 6. Human Development Index (HDI) of Moldova ranking, based on three indicators – long and healthy life; access to knowledge; and decent standard of living. The score ranges from 0 to 1 where values closer to 1 indicate higher rates of development. Source: ENP progress reports; <http://hdr.undp.org/en/reports/>

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According to the graph, the nation of Moldova has encountered slight increase in development through the years. Currently being ranked at 107 (out of 187) position among the medium development category, Moldova's HDI value has increased with 0.26% in the course of 25 years (United Nations Development Programme, 2015, p. 2). For comparison, Moldova's latest rank of 0.693 is considered one of the highest in the group of medium developed countries; however this value remains relatively low than the average of Europe and Central Asia which accounts for 0.748 (United Nations Development Programme, 2015, p. 4).

Taking into account the slow pace of reforms, as well as the internal events which subsequently affect the timely implementation of objectives, it can be inferred that through the four years of study, the situation of Moldova has not encountered significant development, despite the uprising tendency of economic ties, portrayed earlier. As a whole, despite that there is no variation in the HDI estimates, the insignificant difference between the values determines the slow progress, the reasons for which may be attributed to many political, social, and economic factors, which subsequently affect the effective implementation of ENP objectives.

To sum up for this hypothesis, despite the growing tendency in trade, especially after the DCFTA agreement in 2014, the economic development of Moldova however, which reflects the long-term effects of integration is insignificant and rather slow. The sanctions from Russia, the adverse meteorological conditions, the political events which shift the attention of investors, businesses and financial institutions, the lack of resources to implement the agreed objectives, are all factors which cause variation in Moldova's economic progress.

Taking into account the variety of factors which influence development and growth, it is rather hard to make projections whether Moldova will find equilibrium and show stable growth, given country's inclusion into the free trade area.

What can Explain the Varying Progress of Moldova towards European Integration over time?

Progress towards meeting the requirements for EU integration depends on geopolitical factors

Taking into account the geographical position of Moldova, and mainly its historical background, as mentioned before Russia has always been present as a major factor in the political, economic, and social life of the country. Despite that since 2009 Moldova has been more pro-EU oriented, the power of Russia within the international arena and more importantly in the region, stagnates the progress of EU integration mainly using its influence within the Transnistrian region. Therefore, this section of the thesis will argue that the involvement of external actors, mainly referring to Russia and its power politics over Moldova, stagnate the process of EU integration and further implementation of objectives within the ENP framework. Taking into account Russia's involvement in the Transnistrian region, the energy supplies and economic sanctions, this section will provide an answer to the hypothesis and subsequently to the research question by reviewing to what extent Moldova, in collaboration with the EU, under the ENP could overcome the major influence of Russia.

The Transnistrian conflict causes many issues not only in lights of the implementation of the ENP framework, but on the overall prosperity of the country. Taking into account the inability of Moldavian authorities to exercise their power over the entire territory of the state, the Transnistrian region has become the “black hole” of smuggling and illegal trafficking of people, drugs, and weapons, which poses threat to the security not only in the region, but the entire Europe (Calus, 2014). Moreover, because of the unrecognised status of the region, international organisations do not have the legitimacy to operate in the region, conduct research and/or impose sanctions. The third and main aspect comes from Russia's involvement and its influence in the Transnistrian region, which serves as blockage for political and economic reforms. In this regard, recognising the importance of the Transnistrian issue, the ENP framework suggests different approaches towards strengthening the relations between both sides of the Nistru, in order to overcome the difficulties which block the implementation of the rest of the ENP objectives. Taking into account the longevity of the “frozen conflict” the progress reports suggest an overall instability in results regarding the reforms. In lights of the approximations within the studied years, there are four main areas – security, people-to-people contacts, energy, and economic relations with Transnistria, which are developed specifically for the purpose to trace the intensity of collaboration between the conflicting regions. The following part of the chapter will provide summary of the reforms within 2012-2015 and further analyse those in lights of the studied area.

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ENP reforms and analysis

As it became clear from the literature review, the main reason behind Russia’s strategic behavior towards Moldova is the security threat from the approaching powers of NATO and the EU towards Russia’s neighborhood (Wolff, 2012, p. 20). This claim is supported by the fact that when Moldova became more involved with NATO, the first sanctions of Moldavian wine were imposed, which comprised of 85% of the total export of Moldova in 2005 (Crandall, 2012, p. 10). Numerous subsequent sanctions were also imposed on a later basis, which were motivated by events which would bring closer Moldova to the EU. Therefore, Russia’s foreign politics are always constructed in a way to block and affect Moldova’s economy or politics for that matter. However, through the years there are many attempts to strengthen the relationship between Moldova and Transnistria through the ENP framework as well as the involvement of organisations such as the OSCE. The following table will give an overview of the meetings held during the studied years as well as the outcomes achieved during those.

Year	Meetings	Parties Involved	Outcome
2012	Two conference meetings	5+2 format	-strategy to facilitate the negotiations; -resumption on transportation of goods by rail
2013	High intensity of meetings	5+2 format	- migration policy change
2014/2015	Two rounds of negotiations	5+2 format	-technical and economic agreements

Table 2. Number of meetings and the outcomes of those in lights of the Transnistrian conflict. Source: ENP progress reports – 2012-2015. http://eeas.europa.eu/enp/documents/progress-reports/index_en.htm

As it can be noticed, considering the importance of resolving the Transnistrian issue, as it stagnates the process of Moldova-EU relations as well as poses threats to the security of the entire Europe, there is a scarcity of the meetings and their outcomes. During the studied years,

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only two annual meetings were taking place, the results of which concerned mostly economic settlements, however no comprehensive strategy or decisions have been reached regarding the actual conflict. As a result, Russian troops still remain on the territory of Moldova, going against country's constitution, and their removal has not been a priority for quite some time now. The Transnistrian region continues to be politically, financially, and technically supported by Russia, with a tendency of ever-growing and tightening relations between both. According to the Copenhagen criteria, if a state is willing to take actions to build and adopt the principles of the EU *acquis*, with a possible final goal of complete membership, no internal conflicts shall present in the territory of that state (EUR-Lex). In that sense, it can also be argued that Russia blocks any political decisions with the purpose to postpone the actual resolution of the Transnistrian conflict, or at least to find alternative way for its termination. When referring to the political sphere of attention inside the country, it has been widely thought that Russia uses its connections with Moldova's largest single party - the Communist party, to promote Euroscepticism and further shift the attention of the nation. Furthermore, after the annexation of Crimea in 2014 and the overall instability in Ukraine, analysts argued that "Transnistria would be the next flashpoint between Russia and the West", however this is rather speculative, taking into account the different nature of the conflict as well as the territorial distance between Russia and Moldova (Mason, 2014).

Another import sphere of attention which greatly affects Moldova's implementation of EU integration objectives and also demonstrates Russia's influence is the energy dependency. The gas and electricity supplies from Russia, can be controlled in two ways – directly through cutting the supplies to the country through the Transnistrian region, and indirectly by restricting those supplies in Ukraine, and subsequently limiting their transportation to the territory of Moldova (Calus, 2014). From the theoretical part of the thesis it became clear that Russia can demonstrate its power at any time, considering the three gas crises from 2005, 2006 and 2007. Furthermore, until 2011 the gas imports from Russia have been based on a four-year contract with Gazprom, which was not prolonged with the purpose to exert pressure on Moldova to exit the Energy Community, the legislation of which greatly differs from the one of Gazprom (Mihalache, 2014). Therefore, the diversification of energy supplies has been one of the main priorities outlined in the ENP initiative. In this regard, the initiated in 2012 two major projects - Ungheni-Iasi gas pipeline and the Balti-Suceava high-voltage electric line resulted in the launch of the gas interconnector in September 2014, and further reached the implementation of the ^{1st} phase, allowing 21 villages in Moldova to receive gas from

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Romania (Ministry of Foreign Affairs and European Integration of the Republic of Moldova, 2016, p. 23). Furthermore, taking into account the similarly growing interest of Ukraine towards pursuing EU-driven politics, negotiations regarding a joint interconnection of Moldavian and Ukrainian power systems under the European continental power system began. Laws and national action plans regarding energy efficiency were developed as well as EU budget support programme was launched (High Representative of the European Union for Foreign Affairs and Security Policy, 2013, p. 17).

Along with the energy dependency, through which Russia implements its manipulative politics over Moldova, the trade restrictions which were reviewed in Chapter 3, also serve as indication of Moldova's inability to pursue its EU-driven objectives. Despite the substantial bilateral progress between Moldova and the EU, explained above, the sanctions on Moldavian products imposed by Russia greatly influenced country's economic performance, as portrayed in *Graph 4* concerning Moldavian trade. This is especially acute in 2014, when Moldova signed the AA/DCFTA agreement. In this regard, despite the variation in Moldavian trade values, the EU has initiated many changes to compensate the caused damages. However, these fluctuations portray the vulnerability of Moldova towards Russian influence. In the course of one year between 2013 and 2014, Russia imposed embargo on 19 categories of products, mostly affecting fruit, meat and wine producers, the exports to Russia which accounted for 26% (Calus, 2014).

Moreover, major concern for Moldavian authorities was Russia's immigration law changes in 2014, the latter being a prime job market choice for Moldavians, which resulted in the return of many Moldavian migrant workers. Being recognised as the poorest country in Europe, Moldova takes one of the leading positions in inflow of remittances. In 2014, the percentage of GDP in remittances amounted in 26.1%, 25% of those coming from Russia (High Representative of the European Union for Foreign Affairs and Security Policy, 2014, p. 15). For reference to previous years, the remittances in 2012 amounted for 27.3%; in 2013 – 27.4% followed by a decrease in 2014, and even more significant in 2015 when the percentage accounted for 23.4%. (World Bank Data, 2015). This downfall can be attributed to numerous factors however taking into account the high percentage of remittances coming from Russia, this downfall can be attributed mainly to the migrant laws. To support the claim that Russia exerts its influence over Moldova, in an open statement, the Deputy Prime Minister Dmitry Rogozin asked the question of why would Russia keep its current status-quo if Moldova refuses to continue its relations with Russia, as its currently strengthening its

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relations with the West (Skibina, 2014). Despite that the restriction had not impacted significantly the economic situation of the country, it has however increased the value of the monetary transfers. Until now, no mass deportation from Russia has been reported, leaving many analysts to agree that the migrant law changes were designed for purely political purposes.

To bring this chapter to an end, the progress towards the implementation of EU integration objectives of Moldova greatly depends on geopolitical factors, focusing primarily on Russia as a major determinant. The corruption practices which date back from the Soviet era, subsequently affecting the progress and the achievement of effective and long-term results, the exclusive political and financial involvement of Russia in Transnistria, the energy supplies dependency of Moldova, and the sanctions and the Laws imposed by Russia, which directly or indirectly influence Moldova's economic performance, are only part of the factors which create a basis for inference that one of the main reasons for Moldova's inability to strictly pursue EU-driven politics is the power which Russia exerts using variety of tools.

The geopolitical game between Russia and the EU puts a country with limited resources, ingrained corruption, unclear perspectives and outdated system in the middle. After the extensive overview of the three areas of focus it can be inferred that all these aspects are connected to each other and subsequently influence Moldova's stability towards the direction it had chosen to pursue. Many changes within the political, economic, administrative and social systems are required if Moldova is one day to become an official candidate for EU membership. However, being European does not only mean adhering to the principles of the *acquis*, but accepting the norms and the values which shape the common European identity.

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Conclusion

Moldova's politics, economics as well as social life have been controversial not only after the country gained independence from the Soviet Union in 1991 but also in past historical retrospective. Inhabiting only around 3.5 million people, the territorial location of the country having Ukraine and Russia, on the one side, and Romania and the EU on the other, proved to be an important factor for its political and economic development.

Ever since 2009, Moldova's political stance has been explicitly oriented towards the EU, by agreeing to pursue the strictly outlined objectives of the *acquis* and to enter bilateral and multilateral agreements and projects to foster the cooperation. However, many challenges such as corruption, lack of transparency, internal division of the society as well as the actual "frozen conflict" which dates back from the 1991, as well as the notable impact of Russia, resulted in deviation from the strictly drawn principles of EU integration. In order to determine answer to the research question, the European Neighborhood Policy initiative served as a primary tool for identifying the factors which cause variation, as well as evaluate the actual progress within the relevant areas. The time-period studied – between 2012 and 2015, was chosen in particular as to respect the imposed guidelines of the thesis, as well as to provide more recent information. The ENP is a comprehensive framework which includes 16 countries from Southern and Eastern Europe with the aim to reinforce the institutional capacity and foster economic growth and cooperation between the countries of focus and the EU (European Union External Action). On the basis of the literature review as well as the theory, which was considered relevant to the topic, the following hypotheses were formed: *progress towards the implementation of EU integration objectives depends on political support; progress towards the implementation of EU integration objectives depends on economic ties; progress towards the implementation of EU integration objectives depends on geopolitical factors.*

The hypotheses were drawn from the theory, and subsequently supported by the ENP progress reports, issued by the European Commission, which gave an extensive overview of the different spheres of political, economic, and social developments throughout the studied years. Furthermore, the statistical reports, which are an extension of the narratively presented information, were used to depict the actual progress, or in that matter regress, of Moldova's performance in crucial for EU integration areas of attention. After providing historical information, clarifying some of the current political and economic structures, providing an overview of the EU-Moldova relations and including other relevant actors, as well as putting

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the theoretical basis, the EU integration progress reports were evaluated to conclude that all three aspects studied contribute to the varying progress of Moldova towards the implementation of EU integration objectives. Despite that through the studied years the government of Moldova comprised of EU-driven political parties, the performance of Moldova in key integration indicators, such as Democracy and Rule of Law, was marked by decrease. The causes for the ambiguity in this regard come from the large degrees of corruption (the values of which were also measured), the inability of political leaders to possess effective control, taking into account the centralisation of authority, as well as the overall lack of knowledge and resources to apply the necessary reforms.

When it comes to the second hypothesis regarding economic ties, the study suggests that there is an overall improvement of the trade relations between Moldova and the EU, as well as the economic situation of the country. Factors such as the rather stable GDP per capita rates, as well as exports from Moldova, outcomes of the numerous bilateral signed agreements, prove that there is indeed advancement in the economy of the country. However, taking into account the estimated levels of economic development through the Human Development Index, on the basis of which the overall performance of Moldova towards integration can be judged upon, nation's development remains one of the lowest in the region, as well as in Europe. Indirectly the areas which focus on promoting development are studded by corruption, lack of transparency, poor functioning of the administration, as well as the lack of natural, human and capital resources. However, other factors such as the political and economic pressures from Russia which consist of economic sanctions, gas supplies, the migrant law changes which greatly affects Moldova's GDP rates, as well as the inability to find permanent solution to Moldova's breakaway territory, point to the fact that despite the scarce improvements of Moldova mostly noticeable in economic aspect, its EU integration performance is highly affected by external factors and proves its vulnerability and incapability to rely on own resources to effectively implement objectives.

As main conclusion to the thesis, which attempted to find the main causes for the varying performance of Moldova towards the implementation of EU integration objectives over time, can be inferred that majority of factors undermine the stable development of Moldova towards its full approximation to EU standards. In this sense, the ingrained corruption within crucial areas of EU approximation, mainly exercised by the political leaders who follow EU politics, however only on theory; the scarcity of technology, knowledge and other resources that stagnate the effective implementation of political and economic changes, as well as the major

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influence of Russia mainly using the “frozen conflict” in Transnistria to exercise its economic and political power driven by the incentives and fears to strengthen its security because of the approaching powers of NATO and the EU, are the main causes for Moldova’s instability and varying progress towards EU integration.

As a whole, many analysts argue that given the sensitive geographical location of Moldova, its historical background and ties with Russia, as well as the overall political and economic volatility of Europe and the studied region, the genuine membership perspectives of Moldova are rather debatable, despite the progressing results in certain areas. Moldova’s membership is also a subject of political and economic “game” between Russia and the EU, a game with varying projections of outcome, considering the different sources of power of both.

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