STUDY

Requested by the INTA committee

Future outlook of EU-Moldova trade and investment relations

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ABSTRACT

This study examines the evolution and prospects of trade and investment relations between the European Union and the Republic of Moldova. It situates Moldova's shifting economic orientation within its complex geopolitical environment – marked by Russian interference and the Transnistria conflict – and outlines the impact of key milestones such as the EU-Moldova Association Agreement and the Deep and Comprehensive Free Trade Area. The analysis highlights Moldova's growing trade and investment ties with the EU, sectoral dynamics in agriculture, manufacturing, services, and the energy sector, as well as the economic disruption stemming from Russia's war on Ukraine. Special scrutiny is given to the revised EU-Moldova DCFTA. The text also analyses Moldova's EU accession process and the Moldova Growth Plan, offering insights into both the benefits and costs of deeper integration.

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List of abbreviations

AA	Association Agreement
ATP	Autonomous Trade Preferences
ATMs	Autonomous Trade Measures
BaTiS	Balanced Trade in Services
CEPS	Centre for European Policy Studies
CIS	Commonwealth of Independent States
DCFTA	Deep and Comprehensive Free Trade Area
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
ICT	Information and Communications Technology
IMF	International Monetary Fund
IP	Intellectual Property
MFN	Most Favoured Nation
NCTS	New Computerised Transit System
OJ	Official Journal of the European Union
OECD	Organisation for Economic Co-operation and Development
PEM	Pan-Euro-Mediterranean Convention
PCBs	Printed Circuit Boards
ROO	Rules of Origin
SEPA	Single Euro Payments Area
SMEs	Small and Medium-sized Enterprises
SPS	Sanitary and Phytosanitary
STM	Services and Trade Measures
TBT	Technical Barriers to Trade
TFEU	Treaty on the Functioning of the European Union
TRQ	Tariff-Rate Quota
UN	United Nations
UN COMTRADE	United Nations Commodity Trade Statistics Database
UNCTAD	United Nations Conference on Trade and Development
WEO	World Economic Outlook (IMF)
WTO	World Trade Organization

Executive summary

Since the signing and the provisional application of the EU-Moldova Association Agreement/Deep and Comprehensive Free Trade Area (DCFTA) in 2014, Moldova's economy has undergone a significant shift towards European markets. Emerging from the shadow of Soviet-era dependence – and contending with the unresolved Transnistria conflict – Moldova has faced repeated political and economic pressures from Russia. The full-scale Russian invasion of Ukraine in 2022 further highlighted Moldova's strategic vulnerability, disrupting trade routes and energy supplies. Amidst this turbulent climate, Moldova's accelerated path towards EU membership and the initiation of accession talks in June 2024 reaffirm Europe's role as the most reliable anchor for Moldova's political stability and economic resilience.

The Association Agreement and DCFTA created a strong framework for mutual market opening and regulatory alignment. Industrial goods from Moldova gained duty-free access to EU markets starting in 2016, while Moldovan tariffs on EU products were gradually phased out over a period of three to five years. Agricultural trade liberalisation advanced through tariff-rate quotas on key items, such as tomatoes, grapes, apples, plums, and others, with in-quota imports at zero duty and standard Most Favoured Nation (MFN) tariffs applying beyond the quotas. A solid rules-of-origin system and the Pan-Euro-Mediterranean cumulation have helped Moldovan companies participate in EU value chains. Autonomous Trade Measures (ATMs), adopted by the EU in 2022 as a response to Russia's war against Ukraine, suspended quotas on agri-food products, protecting Moldovan exporters from sudden market losses in Russia, Ukraine, and Belarus.

Trade data highlight the DCFTA's transformative impact: by 2024, the EU was accounting for 67 % of Moldova's exports and just over 50 % of its imports. Total bilateral trade has more than doubled since 2016, reaching EUR 7.6 billion. Vegetable products top Moldovan exports to the EU (28 %), followed by machinery and electrical equipment, processed foods and beverages, textiles, and base metals. On the services side, transport, travel, communications, and IT services together constitute nearly three-quarters of exports to EU markets. In contrast, service imports are mainly travel, transport, and payments for intellectual property.

A review of the DCFTA conditions in 2025 is expected to enhance Moldova's access to the EU market for certain agrifood products by relaxing previous limits, contingent upon a gradual alignment with EU standards. This shifts the temporary ATMs toward a more permanent arrangement. The review also introduces new concessions on selected EU pork, chicken, sugar and dairy imports into Moldova, with only a small portion subject to TRQ. Although the concessions' overall value is modest, EU exports below the new quotas provide potential for increased EU exports. However, to achieve more economy-wide gains, a deeper integration is necessary. Eventual accession to the Single Market and removal of remaining barriers to trade is bound to bring sizeable benefits to manufacturing and service sectors.

Foreign direct investment (FDI) and remittances have financed Moldova's ongoing current account deficits. EU investors account for nearly 70 % of inward FDI, with Cyprus, Romania, Bulgaria, the Netherlands, and Germany being the main contributors. Total FDI stock increased to EUR 4.9 billion in 2024 (29.7 % of GDP) and has doubled since 2014. Remittances, primarily from emigrants in the EU and Russia, remain a vital source of support for private consumption and investment.

Russia's aggression against Ukraine in 2022 delivered a severe economic shock. Moldova's real GDP contracted by 4.6 % in 2022, with headline inflation surging to 28.7 % and unemployment rising sharply. The sudden loss of transit through Odesa forced exporters to reroute through Giurgiulești and Romania's Port of Constanța at significantly higher costs. Energy security frayed as Gazprom cut supplies, exploiting Moldova's dependence on electricity supplied by Transnistria and Russian gas. Emergency EU support, synchronisation of Moldova's grid with the Continental European Network, and gas imports enabled Moldova to at least partially alleviate the severe energy crisis and potentially a humanitarian crisis in Transnistria. The decline in remittances from Russia contributed to macroeconomic instability and a decrease in purchasing power.

Looking ahead, Moldova is at a crucial stage in its EU accession process. Negotiations began in June 2024, and so far, Moldova has completed the screening of 28 out of 33 acquis chapters, showing significant legislative progress. The Moldova Growth Plan, a EUR 1.9 billion package of grants and concessional loans for 2025–2027, links disbursements to strict reform benchmarks in the rule of law, public administration, energy, and infrastructure.

Introduction

The relationship between the European Union (EU) and the Republic of Moldova has undergone a notable shift since the signing of the EU-Moldova Association Agreement (AA) in 2014, evolving from an Eastern Partnership framework to becoming an EU candidate, with accession negotiations beginning in June 2024.

The above transformation has been partly shaped by the geopolitical challenges Moldova has faced since its independence in 1991. The former Soviet republic has encountered numerous obstacles to its fledgling sovereignty, primarily due to Russian imperialist policies in the region. In 1992, Moldova lost control of part of its territory (Transnistria) following a Russia-backed rebellion, a situation that persists to this day. Throughout the 2000s and 2010s, Moldova faced multiple instances of politically motivated trade sanctions imposed by Russia. In the early 2020s, domestic pro-European political changes triggered new waves of Russian political interference, including actions related to the presidential election and the EU integration referendum in 2024, leading to a reduction (in 2022) and the eventual complete halt (in 2025) of natural gas supplies from Russia, along with other hostile acts characteristic of hybrid warfare. Ultimately, Russia's full-scale aggression against Ukraine from February 2022 severely worsened Moldova's economic outlook. Proximity to the war zone, trade ties with an economically weakened Ukraine, ongoing partial dependence on Russian markets, and the loss of transit routes via Ukraine (notably the port of Odesa) have all adversely affected Moldova's economy since 2022.

Developing economic and political ties with the EU, including the prospect of EU accession, has proven to be the best way to cushion adverse geopolitical shocks and has provided the opportunity to stabilise the economy and return to growth.

Against this background, the main aim of this paper is to analyse the dynamics of EU-Moldova trade and investment relations and their prospects. It examines key milestones, trade and investment trends, and institutional arrangements that have shaped this evolving relationship, with particular focus on the Deep and Comprehensive Free Trade Area (DCFTA), Moldova's EU accession bid, and the economic integration achieved over the past decade.

The briefing begins with an overview of EU-Moldova economic relations, highlighting the AA, including the DCFTA, and the EU's Autonomous Trade Measures (ATMs) (Section 1). It is then followed by an analysis of bilateral trade in goods and services, Foreign Direct Investment (FDI), and outgoing migration and remittances (Section 2). In Section 3, we analyse the impact of the ongoing war in Ukraine on the Moldovan economy. Section 4 is dedicated to the future of EU-Moldova trade relations, covering the ongoing implementation of the AA and DCFTA, Moldova's EU accession process, Moldova Growth Plan, and an assessment of the costs and benefits of Moldova's closer economic integration with the EU. Section 5 presents the conclusions of our analysis, and Section 6 offers policy recommendations for the EU governing bodies, including the European Parliament.

This study primarily uses an analytical narrative complemented by straightforward statistical analysis. The main statistical sources are Eurostat, IMF, UN COMTRADE, UNCTAD, OECD and

Statistica Moldovei. However, it is essential to note that data availability is not complete. Although it would be ideal to rely on a single, internationally recognised database throughout the text, this is not feasible. We are confident that we have minimised errors resulting from inconsistent data sources, exchange rate fluctuations, and other factors, so that they do not significantly influence the conclusions.

1 EU-Moldova trade relations: Overview and recent developments

1.1 Association Agreement and DCFTA

The EU-Moldova AA was signed on 27 June 2014 and fully came into force on 1 July 2016. The agreement established a new legal framework for political association and economic integration between the parties. It replaced the Partnership and Cooperation Agreement from 1994 and laid the institutional foundation for Moldova's gradual adoption of EU standards and norms.

The Deep and Comprehensive Free Trade Area (DCFTA), a key part of the AA, represents a unique type of trade agreement that extends beyond traditional free trade arrangements. Unlike standard FTAs, the DCFTA aims to give Moldova partial access to the "four freedoms" of the EU Single Market: free movement of goods, services, capital, and people (though the movement of people is limited to a visa-free regime for short-stay travel). The agreement outlines a gradual alignment of regulations with EU law in trade-related areas and a steady opening of markets on both sides.

The DCFTA's comprehensive scope includes several key elements[1]. Regarding trade in goods, the tariff liberalisation process has been asymmetric. The EU's imports of industrial products from Moldova have been liberalised since the agreement came into force. Moldovan imports of EU industrial goods were gradually liberalised over a 3-5-year period, mainly involving plastics, furniture, textiles, and clothing. Agricultural trade was not fully liberalised. The EU implemented tariff-rate quotas (TRQ) with a zero tariff on in-quota imports and standard MFN tariffs on other imports for initially six, and from 2020, seven categories of goods (tomatoes, garlic, grapes, apples, cherries, plums, and grape juice)[2]. Additionally, the EU introduced an anti-circumvention mechanism on 14 categories of goods, including pork, poultry, dairy, eggs, wheat, barley, maize, sugars, processed cereals, cigarettes, and some processed foods[3], requiring Moldova to justify export increases beyond 80 % of the trigger volume. If the explanation is unsatisfactory and exports

[1]DG TRADE, Akhvlediani, T., Blockmans, S., Bryhn, J., Ghiletchi, S. et al. (2022) Ex-post evaluation of the implementation of the Deep and Comprehensive Free Trade Area between the EU and its Member States and Moldova – Final report, Publications Office of the European Union, European Commission: Directorate-General for Trade and Economic Security, https://data.europa.eu/doi/10.2781/331714

[2]Movchan, V., Giucci, R. (2021) EU tariff rate quotas and anti-circumvention trigger volumes for imports from Moldova, German Economic Team Moldova Policy Briefing 08/2021. https://www.german-economic-team.com/wp-content/uploads/2021/12/GET_MDA_PB_08_2021.pdf

[3]Walter, W. Giucci, R. (2019) EU tariff rate quotas and anti-circumvention trigger volumes for Moldovan products: Setting priorities for possible increases, German Economic Team Moldova, https://www.german-economic-team.com/wp-content/uploads/2022/03/PB_03_2019_en.pdf

reach 100 %, preferences may be suspended[4]. Lastly, 20 categories of goods – such as certain fruits and vegetables – were subject to entry prices, which involve additional duties if the import price falls below a specified threshold.

The agreement outlines the rules of origin that enabled Moldova to join the Regional Convention on Pan-Euro-Mediterranean Preferential Rules of Origin (PEM Convention). Moldova became a Contracting Party in 2015, which permits cumulation with other signatories of the agreement. This means that if intermediate products or materials used in the production of goods exported from Moldova are imported from other signatories of the PEM convention, the product does not lose its originating status when destined to other signatories[5]. This facilitation enhances preferential market access when value chains include Moldova and other signatories.

Additionally, the DCFTA promotes regulatory convergence. It covers, among other things, the sanitary and phytosanitary (SPS) regulations, technical barriers to trade (TBT), public procurement regulations, and customs procedures. Furthermore, the agreement incorporates provisions for services and establishment, allowing market access across various sectors.

The ex-post evaluation conducted by CEPS[6] between 2021 and 2022 found that implementation has been 'efficient and effective with room for improvement in several areas, including legislative approximation, implementation of the trade and sustainable development (TSD) chapter, and the use of preferences under the Agreement'. The same evaluation highlights several key achievements of the DCFTA, including significant export growth – doubling Moldova's share in EU imports between 2014 and 2019, with the majority of Moldovan exports directed towards EU markets, and a notable reorientation of Moldovan exports from Russia towards the EU. The macroeconomic impact of the agreement was assessed as small, with most of the economic effects concentrated in the country's capital, Chișinău. The evaluation also shows that EU FDI increased significantly.

The DCFTA has also been implemented in the Transnistria region, a separatist area of Moldova that is sympathetic to Russia. However, the unclear status of Transnistria complicates Moldova's customs procedures, particularly regarding the application of rules of origin. Nevertheless, Transnistria's enterprises have access to EU markets, as long as they comply with the Moldovan customs regulations and regulatory requirements and register with Moldovan authorities. In fact, according to stakeholder consultations in the CEPS evaluation of the DCFTA, enterprises from Transnistria have benefited more from the DCFTA than other regions of Moldova[7]. Transnistria's trade has increasingly shifted towards the EU, especially after the closure of the port of Odesa once

[4]Regulation (EU) 2016/400 of the European Parliament and of the Council of 9 March 2016 implementing the safeguard clause and the anti-circumvention mechanism provided for in the Association Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and the Republic of Moldova, of the other part, OJ L77/62, 23.3.2016, https://eur-lex.europa.eu/eli/reg/2016/400/oj/eng

[5]The pan-Euro-Mediterranean cumulation and the PEM Convention, DG TRADE, https://trade.ec.europa.eu/access-to-markets/en/content/pan-euro-mediterranean-convention-pem, 2022-03-19.

[6] DG TRADE, Akhvlediani, T., Blockmans, S., Bryhn, J., Ghiletchi, S. et al. (2022) Ex-post evaluation of the implementation of the Deep and Comprehensive Free Trade Area between the EU and its Member States and Moldova – Final report, Publications Office of the European Union, European Commission: Directorate-General for Trade and Economic Security, https://data.europa.eu/doi/10.2781/331714

the full-scale Russian invasion of Ukraine began. By 2024, 83 % of the region's exports were to the EU, and 54 % of its imports came from the EU[8].

Legal approximation in the most trade-relevant parts of the agreement, namely the TBT, SPS, and Customs Code, was rated by the CEPS ex-post evaluation as 'average' in 2021. Thirty percent of the EU acts related to SPS were not transposed, indicating a significant delay with respect to the DCFTA schedule. The adoption of EU regulations by enterprises proceeds slowly, as the list of agricultural products of animal origin approved for access to the EU market by 2021 remained limited, in particular in products of animal origin and dairy[9]. In 2023, processed poultry meat and eggs were approved for exports[10], in 2024 frozen and fresh poultry were also permitted to the EU[11].

Of all the TBT-related acts (mandatory regulations), around one-third were not transposed, one-third were partially transposed, and the remaining one-third were fully transposed. At the same time, 100 % of EU TBT-related standards were already transposed. However, these are not mandatory in the Moldovan market, and some enterprises continue to use the Soviet-era GOST standards, in particular those, that do not export[12] which limits their potential to export to the EU markets in the future.

1.2 Autonomous Trade Measures

The autonomous trade measures (ATMs) emerged as a direct response to Russia's invasion of Ukraine in February 2022. The war's impact on Moldova was significant, as the country's exports had traditionally depended on transit through Ukrainian territory and infrastructure, which became largely unavailable due to the conflict. In 2022, Moldova requested the activation of the review mechanism under Article 147 of the AA. While the formal review process of the DCFTA started later, the EU autonomously implemented the temporary ATMs through Regulation (EU) 2022/1279 on 22 July 2022[13] for agricultural products still subject to restrictions under the Association Agreement (tomatoes, garlic, table grapes, apples, cherries, plums, and grape juice). The measures doubled the quotas for these products, offering immediate relief to Moldovan exporters who had lost access to Russian, Belarusian, and Ukrainian markets. The regulation's implementation was sped up through fast-track procedures, with the European Parliament's International Trade Committee unanimously approving the measures to enable Moldova to 'sell this year's harvest'.

[8] Reintegration Bureau: In 2024, EU share in Transnistrian exports reached 83, INFOTAG.md, https://www.infotag.md/rebelion-en/321503/, 30.07.2025
[9] DG TRADE et al. (2022).
[10] The EU grants Moldova listed status for poultry and eggs, European Commission news release, 09.03.2023, https://ec.europa.eu/newsroom/sante/items/779735/en
[11] Boost for Moldova: Fresh Meat Exports Now Approved for EU, Moldova M1, 20.04.2024, https://moldova1.md/p/28062/boost-for-moldova-fresh-meat-exports-now-approved-for-eu
[12] DG TRADE et al. (2022), Annexes,
[13] Regulation (EU) 2022/1279 of the European Parliament and of the Council of 18 July 2022 on temporary trade-liberalisation measures supplementing trade concessions applicable to products from the Republic of Moldova under the Association Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and the Republic of Moldova, of the other part. OJ L 195, 22 July 2022, https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:L:2022:195:TOC

The 2023 renewal went beyond quota increases to provide for the complete suspension of all outstanding tariffs and the entry price system for affected products[14]. The 2024 extension, covering 25 July 2024 to 24 July 2025, introduces minor changes to the previous regulation[15]. The regulations included safeguard mechanisms that enable the Commission to reintroduce quotas if imports threaten the stability of the EU market. These safeguards are reinforced by regular monitoring, with the Commission producing bi-monthly reports on import volumes, prices, and market impacts[16]. The system also included anti-fraud provisions requiring Moldova to comply with rules of origin and maintain administrative cooperation with EU customs authorities. As in the case of Ukraine, the ATMs were not renewed and therefore expired on 24 July 2025, reverting to the pre-2022 DCFTA rules. However, the EU and Moldova agreed in July 2025 to replace the temporary trade preferences under the ATMs with a more permanent arrangement via a revision of the DCFTA (see section 1.3).

1.3 Revised EU-Moldova DCFTA

Article 147 of the AA establishes the legal framework for gradually eliminating customs duties, providing a flexible mechanism for deepening economic integration through review processes that adapt to changing conditions. The EU and Moldova agreed in July 2025 to revise the DCFTA, expanding and rebalancing tariff liberalisation. The new DCFTA package aims to maintain at least the trade volumes achieved during the ATMs while restoring calibrated quota management and adding reciprocity and accession-related conditionality, with a review set for 2027. The European Commission has presented the agreement to the Council for endorsement, following which the agreement will be formally adopted via a decision of the Association Committee in Trade Configuration[17]. The revised DCFTA may be expected to enter into force by the end of 2025.

The scope of trade liberalisation differs from the latest revision of the ATM. The DCFTA revision transforms the expiring ATMs' temporary, one-way tariff and quota suspensions into a reciprocal, longer-term arrangement. Instead of full liberalization of EU imports, the agreement envisages an increase in TRQs on fruits quite substantially: for plums from 15 000 to 61 000 tonnes, table grapes

[14] Regulation (EU) 2023/1524 of the European Parliament and of the council of 20 July 2023 on temporary trade-liberalisation measures supplementing trade concessions applicable to products from the Republic of Moldova under the Association Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and the Republic of Moldova, of the other part, OJ L 185, 24.7.2023, https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32023R1524&qid=1756637514440.

[15] Regulation (EU) 2024/1501 of the European Parliament and of the Council of 14 May 2024 on temporary trade-liberalisation measures supplementing trade concessions applicable to products from the Republic of Moldova under the Association Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and the Republic of Moldova, of the other part, OJ L, 2024/1501, 29.5.2024, http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32024R1501&qid=1756637514440

[16] See, e.g., SWD(2025) 158 final, Bi-monthly report to the Member States Impact of the trade liberalisation measures for Moldova on the EU market - May 2025, Commission Staff Working Document, https://data.consilium.europa.eu/doc/document/ST-9935-2025-INIT/en/pdf

[17] COM(2025) 454 final, Proposal for a Council decision on the position to be taken on behalf of the European Union in the Association Committee in Trade Configuration established by the Association Agreement between the European Union and the European Atomic Energy Community, and their Member States of the one part, and the Republic of Moldova, of the other part, as regards the reduction and elimination of customs duties, Brussels, 28.7.2025, https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52025PC0454

from 20 000 to 40 000 tonnes, cherries from 1 500 to 4 500 tonnes and apples, from 40 000 to 50 000 tonnes. On grape juice, garlic and tomatoes, previously under TRQs, restrictions are lifted (on apples applied only to the ad-valorem part of the tariff and retaining some restrictions on entry prices). The revised agreement also includes concessions from Moldova, increasing the TRQs on pork (adding 1 000 tonnes of frozen pork to the existing TRQ on pork of 5 500 tonnes), poultry (from 6 000 to 7 000 tonnes) and milk and butter (1 000 and 500 tonnes respectively) added to the existing general TRQ on dairy products.

The additional market access granted to Moldova is linked to Moldova's stepwise alignment with EU production standards alongside accession-related acquis adoption. The explicit standards to be adopted include the regulations on plant protection[18], the application of food and feed law, rules on animal health and welfare, plant health and plant protection products[19], and sustainable use of pesticides[20] and nitrates[21]. The revised DCFTA also introduces a bilateral safeguard mechanism instead of the unilateral one of the ATM, i.e., both EU MS and Moldova can opt for suspension of preferences if a substantial disturbance to the domestic market occurs. The planned review of the new terms in 2027, will include the accession progress, quota use, and market capacity on both sides.

2 Developments in trade in goods and services; Foreign Direct Investment

2.1 Trade in goods

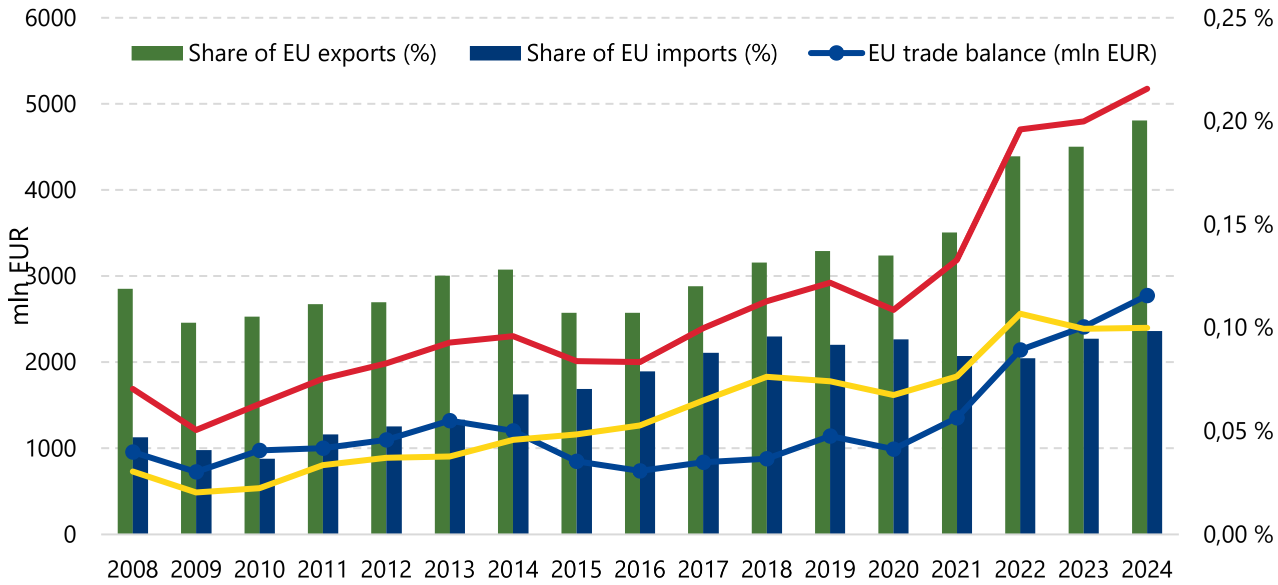
EU-Moldova trade in goods has shown remarkable growth, particularly following the DCFTA's entry into force in 2016. Total bilateral trade reached EUR 7.6 billion in 2024, representing an increase of 131 % since 2016. The EU has become Moldova's largest trading partner, accounting for approximately 67.3 % of Moldova's total exports and 50.1 % of total imports in 2024. The DCFTA's implementation has led to a significant reorientation of trade away from the historical dominance of Russian and CIS markets. For example, the share of Russian products in Moldovan imports dropped from 14 % in 2017 to 4 % in 2023, while the share of Russia in Moldovan exports dropped from 16 % to 5 % over the same period[22].

[18] Regulation (EC) No 1107/2009 of the European Parliament and of the Council of 21 October 2009 concerning the placing of plant protection products on the market and repealing Council Directives 79/117/EEC and 91/414/EEC (OJ L 309, 24.11.2009, p. 1, ELI: https://eur-lex.europa.eu/eli/reg/2009/1107/oj
[19] Regulation (EU) 2017/625 of the European Parliament and of the Council of 15 March 2017 on official controls and other official activities performed to ensure the application of food and feed law, rules on animal health and welfare, plant health and plant protection products, OJ L 95, 7.4.2017, p. 1, ELI: http://data.europa.eu/eli/reg/2017/625/oj
[20] Directive 2009/128/EC of the European Parliament and of the Council of 21 October 2009 establishing a framework for Community action to achieve the sustainable use of pesticides, OJ L 309, 24.11.2009, p. 71, ELI: http://data.europa.eu/eli/dir/2009/128/oj
[21] Council Directive 91/676/EEC of 12 December 1991 concerning the protection of waters against pollution caused by nitrates from agricultural sources (OJ L 375, 31.12.1991, p. 1, ELI: http://data.europa.eu/eli/dir/1991/676/oj
[22] Dąbrowski, M., Hagemejer, J., Hartwell, C. A., Otrachshenko, V., Popova, O. (2025) Eastern European Economies Amidst Global and Regional Shocks, CASE Report: 511 / 2025, CASE Center for Social and Economic Research, Warsaw.

In relative terms, the share of the EU in Moldova's exports (and to a smaller extent in terms of imports) increased in the years preceding the entry into force of DCFTA and then started falling. This was exacerbated by the COVID-19 pandemic and the outbreak of the war in 2022. They subsequently picked up from 2022 onwards, supported by the introduction of ATMs (Figure 2).

Moldova's trade balance with the EU has consistently shown a deficit, reaching EUR 2.8 billion in 2024. However, this reflects Moldova's integration into EU supply chains and increased imports of capital goods and intermediate products necessary for economic modernisation, as well as the sources of financing that include large remittances (see section 2.4), international aid, including EU transfers and loans, for example, the EU macro-financial assistance (MFA, disbursed in 2022-2024[23]). In 2024, Moldova's overall trade deficit was substantial, with only 39.2 % of imports being covered by exports, while for trade with the EU, exports covered 52.6 % of the value of imports. The trade deficit with the EU fell from 14 % of GDP in 2013 to 9 % in 2023[24].

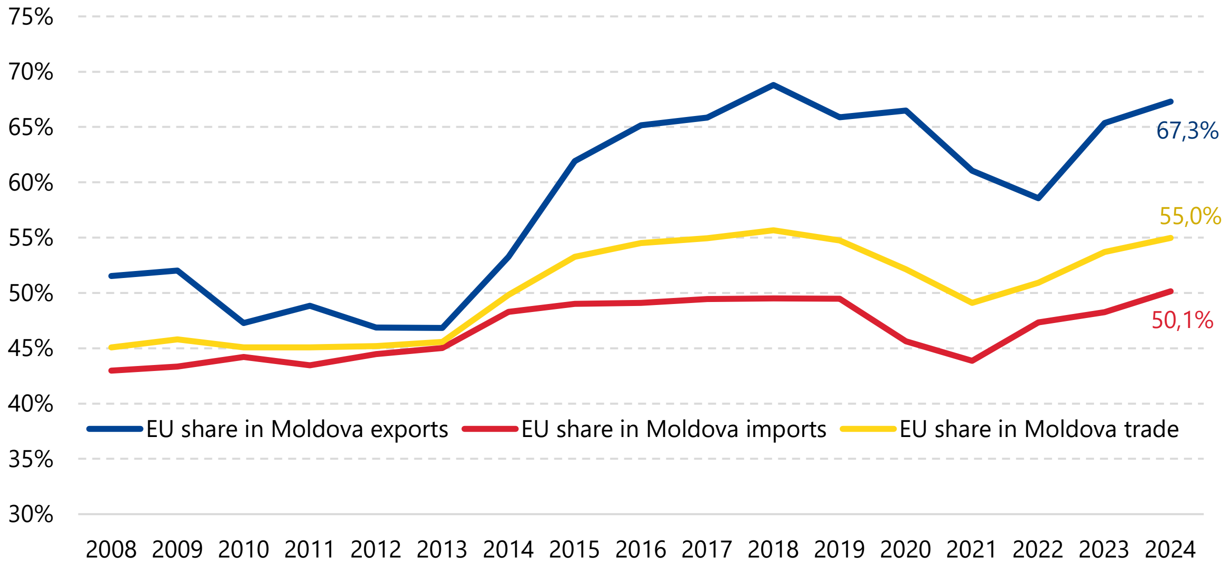
Figure 1. EU-27 trade with Moldova (levels and shares in extra-EU exports, imports and total trade)



Source: Eurostat

[23] See https://economy-finance.ec.europa.eu/international-economic-relations/candidate-and-neighbouring-countries/neighbouring-countries-eu/neighbourhood-countries/moldova_en for details.
[24] Madan, S. (2024), Moldovan path to EU – current state, economic benefits and challenges, Expert Group, Development Day Conference, https://www.hhs.se/contentassets/c03827eb71e040a5b6b4cbd424e8c6a1/moldovan-path-to-eu---v1.pdf

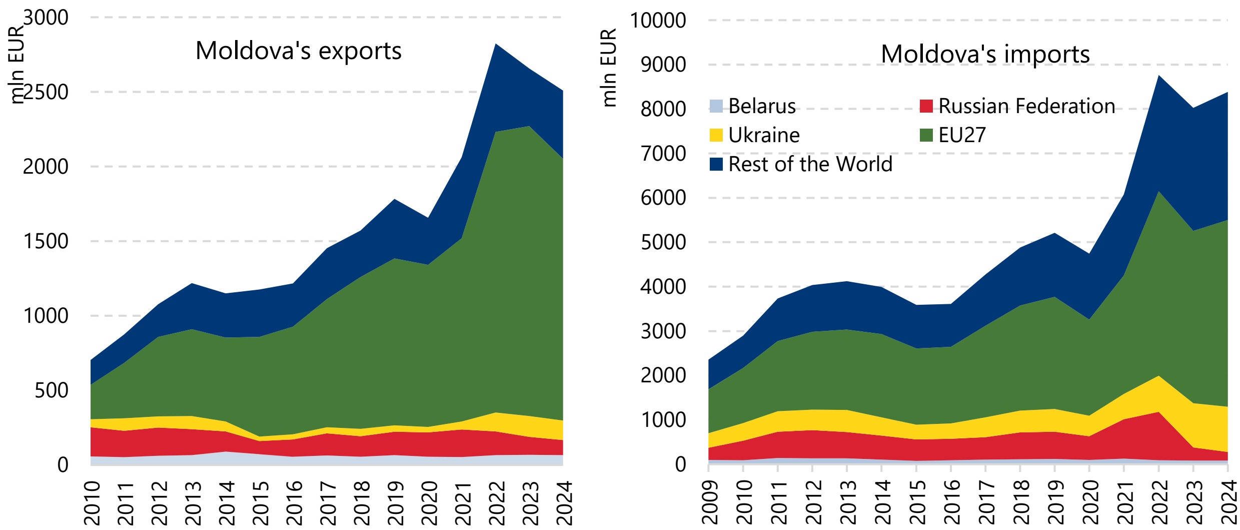
Figure 2. Moldova exports, imports and total trade, shares of the EU



Source: Statistica Moldovei

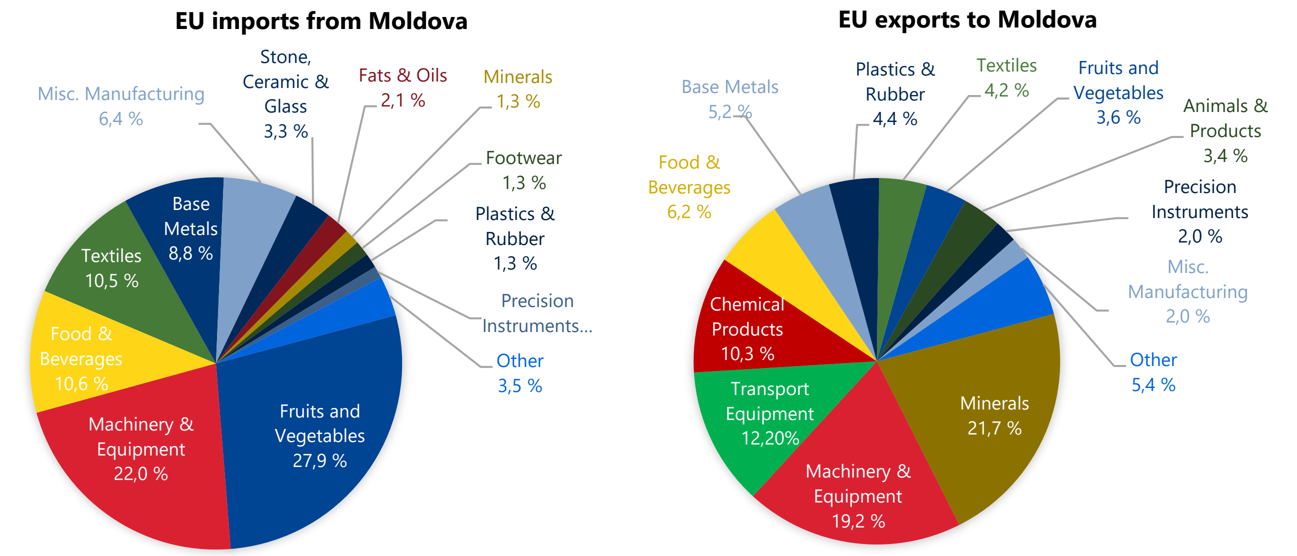
The reorientation of Moldova's trade towards the EU can be observed in Figure 3. Already in 2014, the share of the EU in exports of Moldova started growing rapidly, not only due to the expansion of trade value but also due to a significant drop in exports to Ukraine, Russia and Belarus, following the Russian annexation of Crimea. While exports to Russia recovered by 2020, their share compared to that with the EU was considerably smaller. The reorientation of imports was less spectacular before 2022, but with the Russian full-scale invasion of Ukraine, trade with the EU peaked, largely replacing imports from Russia.

Figure 3. Decomposition of Moldova's trade – major trade partners



Source: UN COMTRADE, data converted from USD using annual average exchange rates; EU data may not fully correspond to the values in Figure 1, due to differences in sources and conversions.

Figure 4. Product categories in EU total trade with Moldova, 2024



Source: Eurostat

The product structure of bilateral trade (Figure 4) shows the highest share of fruit and vegetable products in Moldova's exports to the EU. In 2024, it accounted for 27.9 % of overall EU imports from Moldova (EUR 670 million in 2024). The following top five export groups included machinery and electrical equipment, processed food and beverages, textiles, and base metals. The machinery and electrical equipment exports included supply to the automotive value chains (e.g., wire harnesses, electronic components for vehicles)[25], electronic components such as printed circuit boards (PCBs), microchips, ultra-thin wires, measuring devices, electrical engineering components, and semiconductors[26], as well as specialised food processing equipment[27].

The top five largest EU export product groups to Moldova include mineral products (EUR 1.1 billion, 21.7 %), machinery and appliances (19.2 %), transport equipment (12.2 %), chemical products (10.3 %) and food, beverages, and tobacco (6.2 %).

2.2 Trade in services

In 2024, Moldova's service exports totalled EUR 2 497.9 billion, while service imports reached EUR 1 649.0 billion, resulting in a services trade surplus[28]. This represents a significant contribution to Moldova's economy, with services accounting for 47.2 % of Moldova's overall exports in 2024. Services trade with the EU accounted for 35.4 % of overall Moldova service exports and 50.6 % of

[25] World Bank. (2024). Moldova Economic Update. World Bank. https://thedocs.worldbank.org/en/doc/1ec6c88ebadf43eb174efb8bab3d8452-0080012024/original/Moldova-Economic-Update.pdf

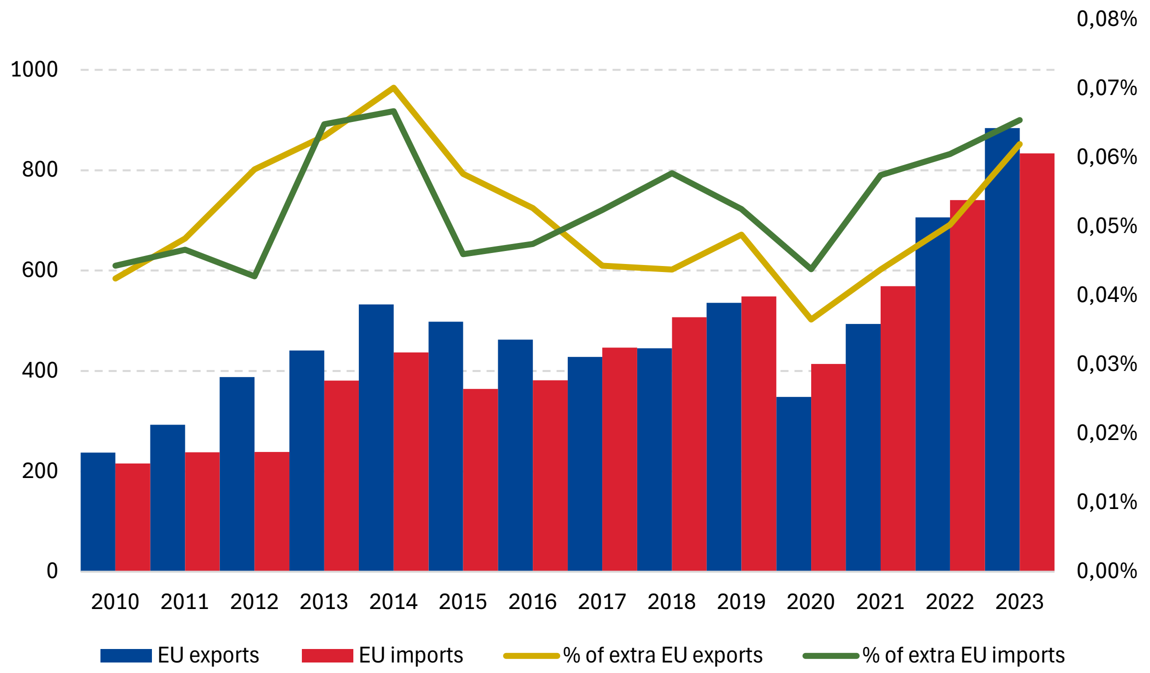
[26] Emerging Europe (2024). How Moldova's electronics sector is attracting international brands and boosting exports. Emerging Europe. https://emerging-europe.com/community-content/how-moldovas-electronics-sector-is-attracting-international-brands-and-boosting-exports/

[27] Industrial machine parts, food, drink preparation in Moldova. Observatory of Economic Complexity. 07.06.2024, https://oec.world/en/profile/bilateral-product/industrial-machine-parts-food-drink-preparation/reporter/mda

[28] Source of data: National Bank of Moldova.

service imports in 2024[29]. The overall evolution of total EU-Moldova service trade is shown in Figure 5. The growth of bilateral service trade has visibly accelerated since 2021, compared to its performance between 2013 and 2020. However, in terms of shares of overall EU service trade, it has recovered to a level similar to that in 2014. Since 2020, the shares of service trade with Moldova in the overall extra-EU services trade have increased by roughly half by 2024.

Figure 5. EU-Moldova trade in services. Shares in overall extra-EU trade

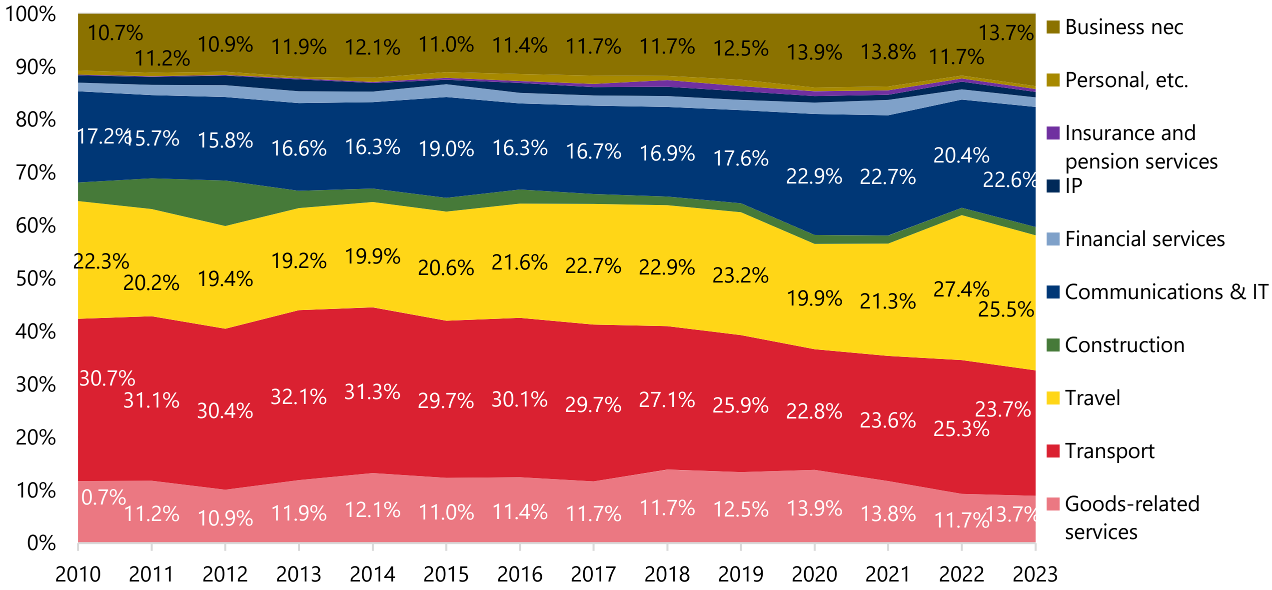


Source: Eurostat

The structure of Moldova's exports to the EU is dominated by three service categories: transport, travel and communications and IT services, which together account for 71.9 % of overall exports to the EU. The DCFTA's services provisions have opened new opportunities for Moldovan service providers in the EU market, particularly in areas such as IT services, outsourcing business processes, and professional services. IT & Communications have substantially grown in importance since 2019, while other business services maintain a significant share in service exports. An important category is "goods-related services", which includes repairs and processing of "inputs owned by others", which are related to export-processing. The most important service importers from Moldova include Germany, Romania and Italy (Figure 5).

[29] The indicators are computed on the basis of National Bank of Moldova data (in USD) and Eurostat data (in euro) and can err slightly.

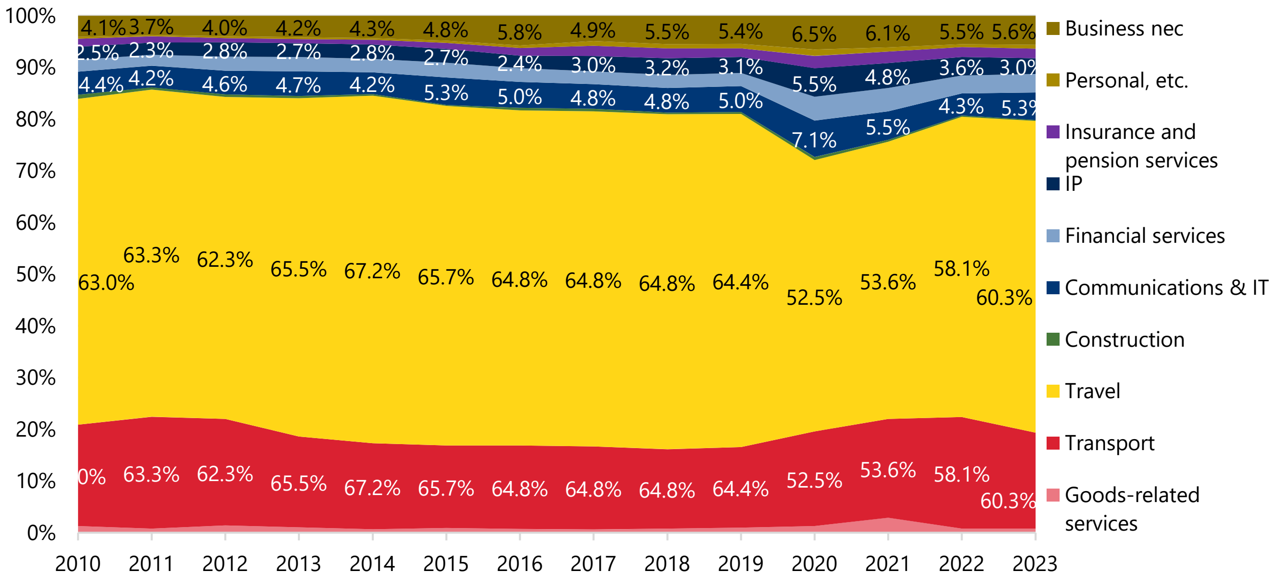
Figure 6. Structure of Moldova's service exports to the EU



Source: WTO-OECD Balanced Trade in Services (BaTiS)

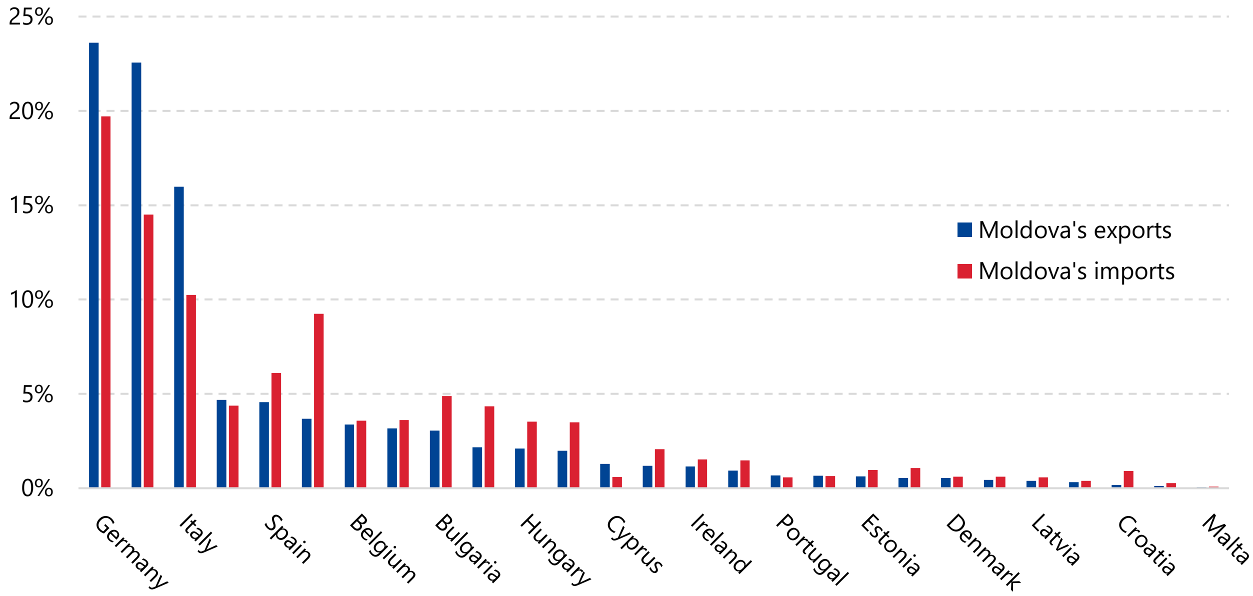
On the import side, the dominant services in Moldova's trade with the EU are travel (around 60 % throughout the period under consideration) followed by transportation. Other significant services include communications and IT, as well as business services. Payments for intellectual property rights (IP), which make up about 3 % of imports of services, are likely part of the profits of international corporations engaging in transfer pricing, and to a lesser extent, purchases of software, etc. The largest EU service exporters to Moldova include Germany, Romania, Italy, and Poland.

Figure 7. Structure of Moldova's service imports from the EU



Source: WTO-OECD Balanced Trade in Services (BaTiS)

Figure 8. Structure of Moldova's service trade with the EU, shares of EU MS in Moldova's exports and imports, 2023



Source: WTO-OECD Balanced Trade in Services (BaTiS)

2.3 Foreign Direct Investment

The stock of inward Foreign Direct Investment in Moldova stood at EUR 4.9 billion in 2024[30]. In nominal terms, in 2024 the stock of FDI increased by 20.6 % from 2020 and by 106.4 % from 2014, indicating a significant inflow of investment. The FDI stock amounted to 29.7 % of GDP in 2024. Relative to other non-EU economies in Eastern Europe, the stock of FDI in Moldova in relation to its GDP is comparable to that of Ukraine and Armenia, but significantly lower than in Estonia, Georgia and the Western Balkans. The FDI stock relative to GDP fell since 2010, with a peak in 2019 and 2020 (Figure 9). Since 2020, the inflows of FDI have been driven mainly by reinvested earnings, and to a much smaller extent by new investment, with a very minor role of new debt[31]. Moreover, inflation has also contributed to a fast growth of nominal GDP (66 % vs 20 % growth in FDI stock between 2020 and 2024, both expressed in EUR).

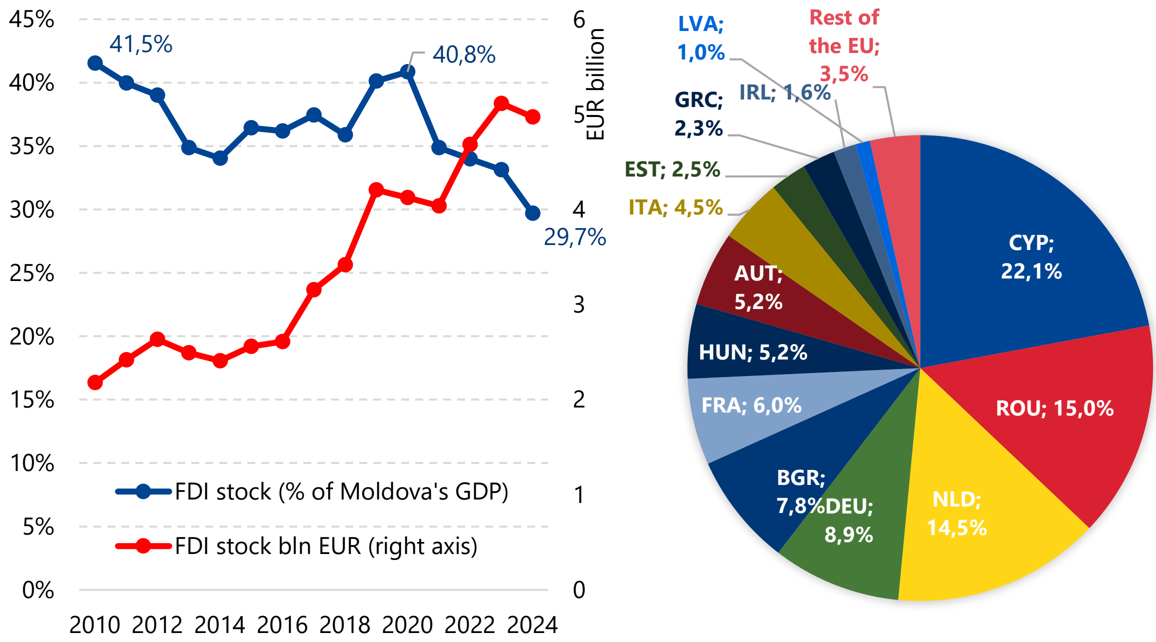
The EU as a whole is the largest direct investor in Moldova. The EU accounted for 69.3 % of the overall stock of FDI in Moldova in 2023 (Figure 10). The EU share of inward FDI in Moldova has been steadily increasing since 2010, when it was already high at 57.5 %. The largest investors from the EU involve geographically close countries: Romania and Bulgaria, and Western European economies, the Netherlands, Germany, France, and Austria. Other Central and Eastern European EU MS are also active, such as Hungary, and, to a lesser extent, Estonia and Latvia. The largest EU investor is, however, Cyprus. Still, one has to keep in mind that Cyprus often serves as an

[30] UNCTAD data.

[31] Invest Moldova (2024) Foreign Direct Investments. The impact on the economy of the Republic of Moldova (2014-2023), Invest Moldova and Foreign Investors Association Republic of Moldova, https://invest.gov.md/wp-content/uploads/2024/12/ISD-Studiu_Impact_Eng_12-09-2024.pdf#page=29.08

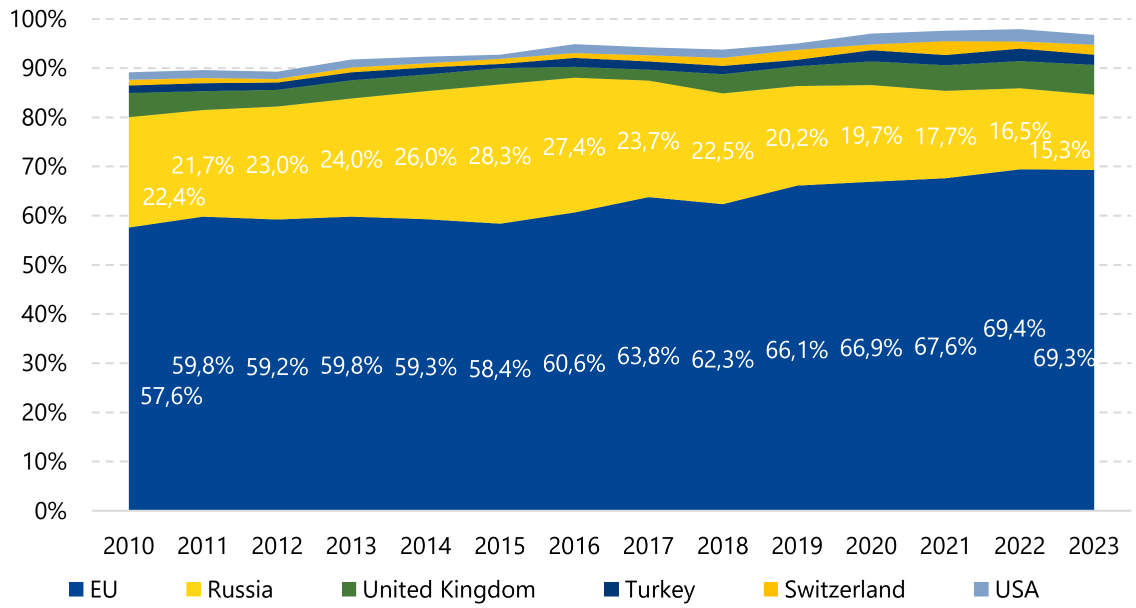
intermediate investor for FDI from third countries. Therefore, from the aggregate data, it is not possible to tell the ultimate owner of the capital invested[32,33].

Figure 9. Inward FDI in Moldova (left), shares of EU MS in total EU FDI in Moldova (right)



Source: UNCTAD (left), IMF Data, https://data.imf.org/en/datasets/IMF.STA:DIP

Figure 10. Main FDI investors in Moldova (% of total FDI stock)



Source: IMF Data, https://data.imf.org/en/datasets/IMF.STA:DIP

[32] Bulatov, A. (2017). Offshore orientation of Russian Federation FDI, Transnational Corporations, 24 (2) 71-89, https://doi.org/10.18356/ed298a0d-en

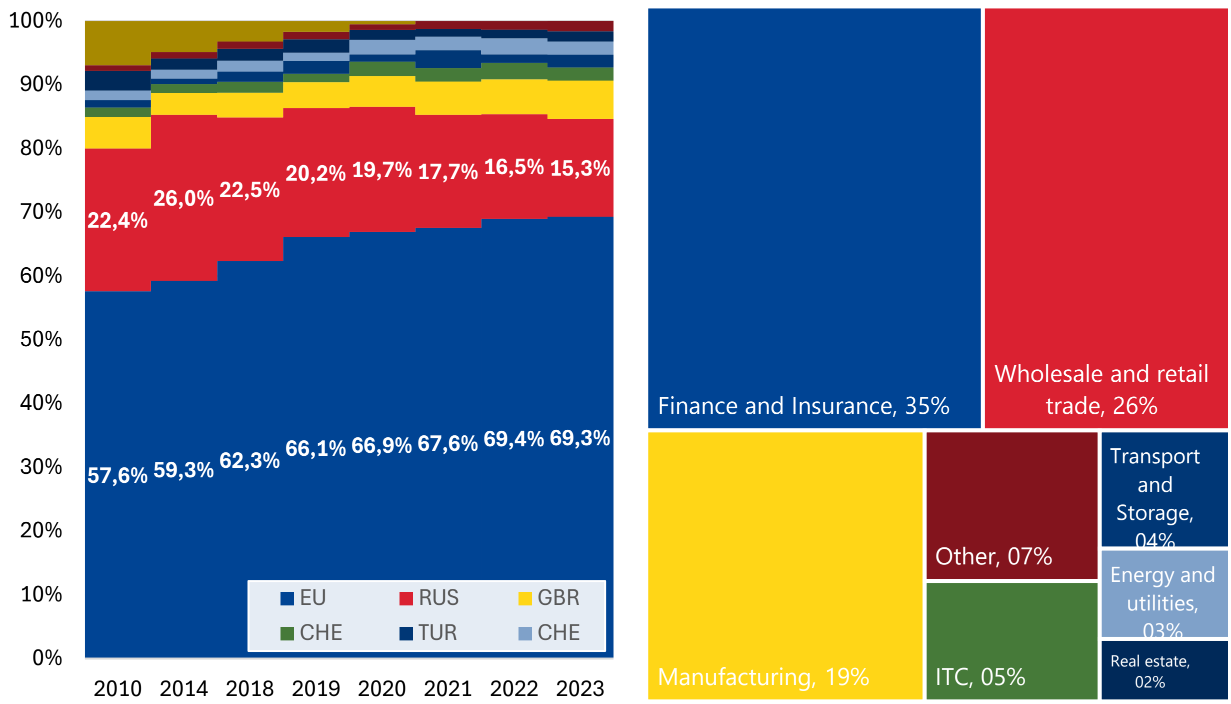
[33] Starkman, D. (2023). How Cyprus rose to become the beating heart of the Putin regime's shadow financial system, International Consortium of Investigative Journalists, https://www.icij.org/investigations/cyprus-confidential/cyprus-model-politics-tax-haven-russian-wealth/

Russia is the second-largest direct investor to Moldova after the EU (Figure 9). In 2023, it was responsible for 15.3 % of the overall stock of FDI. However, it can mostly be attributed to a single company, Moldovagaz, which is majority-owned (50 % + 1 share) by Gazprom, and the Russian investment primarily comprises debt rather than equity[34]. At the same time, the EU FDI is mostly equity. Other important donors include the United Kingdom, Turkey, Switzerland and the USA.

As far as the structure of FDI is concerned, the largest FDI recipients are the financial sector and the wholesale and retail trade sector, accounting together for over 60 % of the overall FDI stock (Figure 11). The manufacturing sector is the third largest recipient of FDI with 18.6 % of the total. Other significant industries include information and communications technology (ICT) with 5.2 % of FDI, transportation and storage, energy and utilities, as well as real estate.

Wholly owned and partially owned enterprises generate a significant part of the value added in the most relevant host sectors. In the financial sector, FDI is dominant with 58.5 % of the sector's overall value added in 2023. The respective shares for ICT and manufacturing are both at 44.8 %, while in energy and utilities, 20.5 %. In the retail sector, which is the second largest FDI recipient in the country, firms with foreign capital generate only 20.1 % of value added[35].

Figure 11. Geographical (left) and sectoral (right) composition of FDI (2023, stock)



Source: IMF, National Bank of Moldova, and Invest Moldova (2024).

[34] Lupusor, A., Gaibu, C., Rusu, E., Soloviova, M., Madan, S. (2025) Assessing the Economic Resilience of the Republic of Moldova in the Context of Recent Security Threats, CASE Reports No. 510 (2025). CASE Center for Social and Economic Research, Warsaw, https://case-research.eu/publications/assessing-the-economic-resilience-of-the-republic-of-moldova-in-the-context-of-recent-security-threats/

[35] Data for 2022. In this part of the text, we use a secondary source, i.e., a report by Invest Moldova (2024), which provides statistics that we were unable to find on the Statistica Moldovei or National Bank of Moldova websites, suggesting that these indicators may have been custom-ordered from the respective institutions.

It is worth noting that companies with foreign capital are much larger than the domestic firms, as they constituted only 6 % of all enterprises in 2022, while they generated 19.4 % of Moldova's GDP. The economic literature suggests that FDI activity involves a great deal of selection: FDI tends to locate in specific sectors, in larger, more export-intensive, and more productive firms[36], which is the reason why the performance advantage of foreign firms over domestic ones can only partially be attributed to the effects of FDI. The sectoral composition of inward FDI, with the dominant financial sector and trade, suggests that firms likely locate in Moldova to gain access to the domestic market and, to a lesser extent, to expand their export capabilities. The latter would be indicated by a higher share of manufacturing in overall FDI. Unfortunately, there is no current evidence in Moldova of FDI-driven spillovers (i.e., positive productivity effects of FDI on domestic firms). Some older evidence[37] suggests that only backwards spillovers exist, i.e., selling inputs (intermediate goods and services) to foreign firms increases performance for domestic firms. However, no horizontal (same sector presence of foreign firms) or forward spillovers (purchasing inputs from foreign firms) exist.

2.4 Remittances

Inflow of FDI and international aid are essential sources of financing the persistent current account deficit in Moldova. Another crucial or even larger source of financing is the inflow of remittances. According to UN data[38], in Moldova, the ratio of emigrants to population is the largest in the region – in 2020, it amounted to 23 %. Between 2010 and 2021, the average rate of net emigration per year was 2.0 %. However, it has been decreasing over time.

Moreover, while there is emigration to the West, there is a great deal of mutual migration in the region. Dąbrowski et al. (2025) show using bilateral UN migration data for 2020[39] that while the most extensive stock of emigrants of Moldovan origin resided in the EU (325 000), the stock of emigrants in Russia amounted to 138 000 and to 82 000 – in Ukraine.

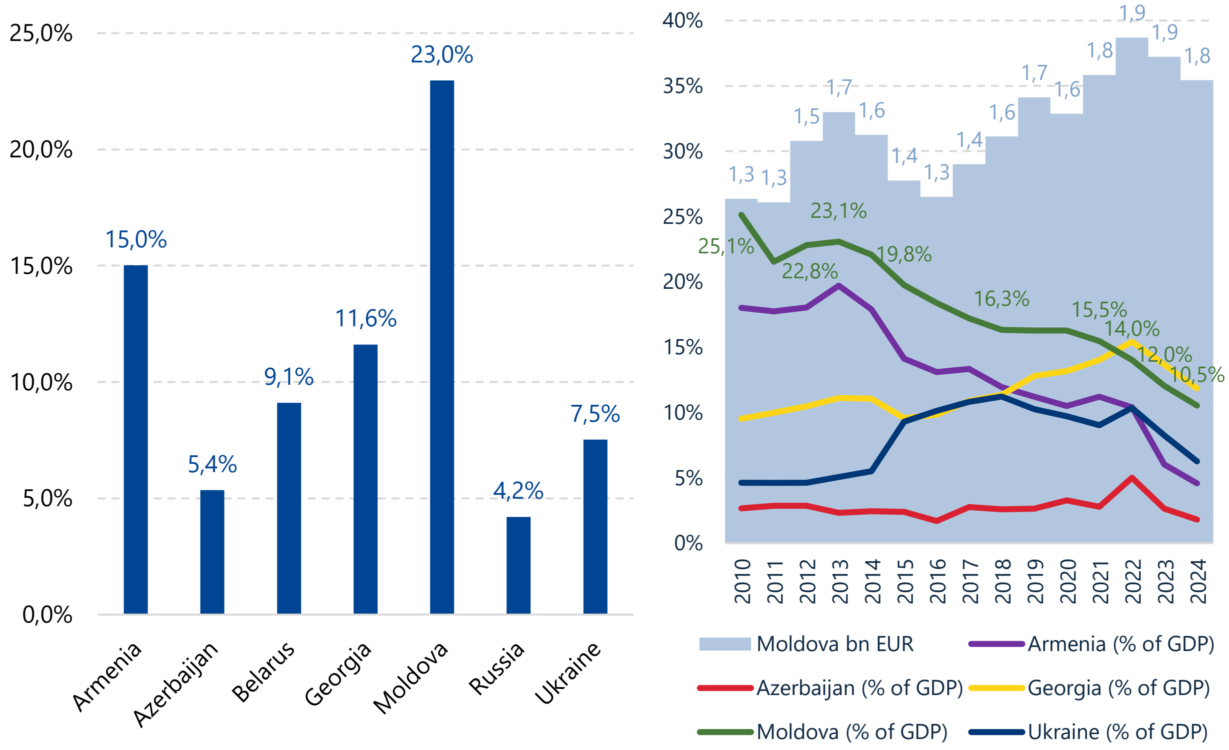
[36] See, e.g., Hagemejer, J., Tyrowicz, J. (2012) Is the effect really so large? Firm-level evidence on the role of FDI in a transition economy. The Economics of Transition, The European Bank for Reconstruction and Development 20(2), 195-233.

[37] Based on data up to 2014, Tan, S. W., Tusha, D. (2023) Foreign firm characteristics, labour market restrictions and FDI spillovers: Evidence from Moldova. The World Economy 46(1), 85-119, https://doi.org/10.1111/twec.13315

[38] https://www.un.org/development/desa/pd/content/international-migrant-stock

[39] UN data is the most comprehensive database on the bilateral stock of migrants, but its frequency is every five years.

Figure 12. Ratio of the number of emigrants to population (2020, left), remittances (right)



Source: UN migration data, World Bank

This large diaspora is linked to the significant remittances – they are highest (or recently the second highest) in the region. The ratio of remittances to GDP fell from 25.1 % in 2010 to 15.5 % in 2021, while the 2022-onwards drop reduced them to 12.2 % in 2023. Lupusor et al. (2025), based on bank transfer data, show that while the share and the amount of remittances from Russia to individuals diminished over time, the remittances from the EU grew steadily. Increasing prices and the fast growth of nominal GDP also contributed to the decline of the overall remittances relative to GDP. As remittances are volatile due to the situation in the country of origin, the unstable Russian economy, with its fluctuating ruble and natural resource prices, contributed to the instability of this source of financing.[40] Significant changes in remittances translate to fluctuations in private consumption, as the emigrants support their families' daily expenses, healthcare, and housing improvements and contribute to lowering poverty. Moreover, they also support investment[41].

3 Consequences of the Russian war of aggression on Ukraine

The Russian invasion of Ukraine in February 2022 triggered a cascade of economic shocks across Eastern Europe, with Moldova, given its geographical proximity, economic structure, and energy

[40] Lupusor et al. (2025)
[41] Dąbrowski et al. (2025)

dependency, being the second-most affected country after Ukraine itself[42]. Its real GDP fell by 4.6 % in 2022 and with only a partial recovery in the following years (1.2 % in 2023, 0.5 % in 2024). Headline inflation surged to a record 28.7 % in 2022 (mainly food and energy prices)[43]. The economic shock led to rising unemployment, the highest increase in the region (Figure 13). Remittances from Russia declined as the Russian economy contracted and international sanctions took effect, further straining household incomes[44].

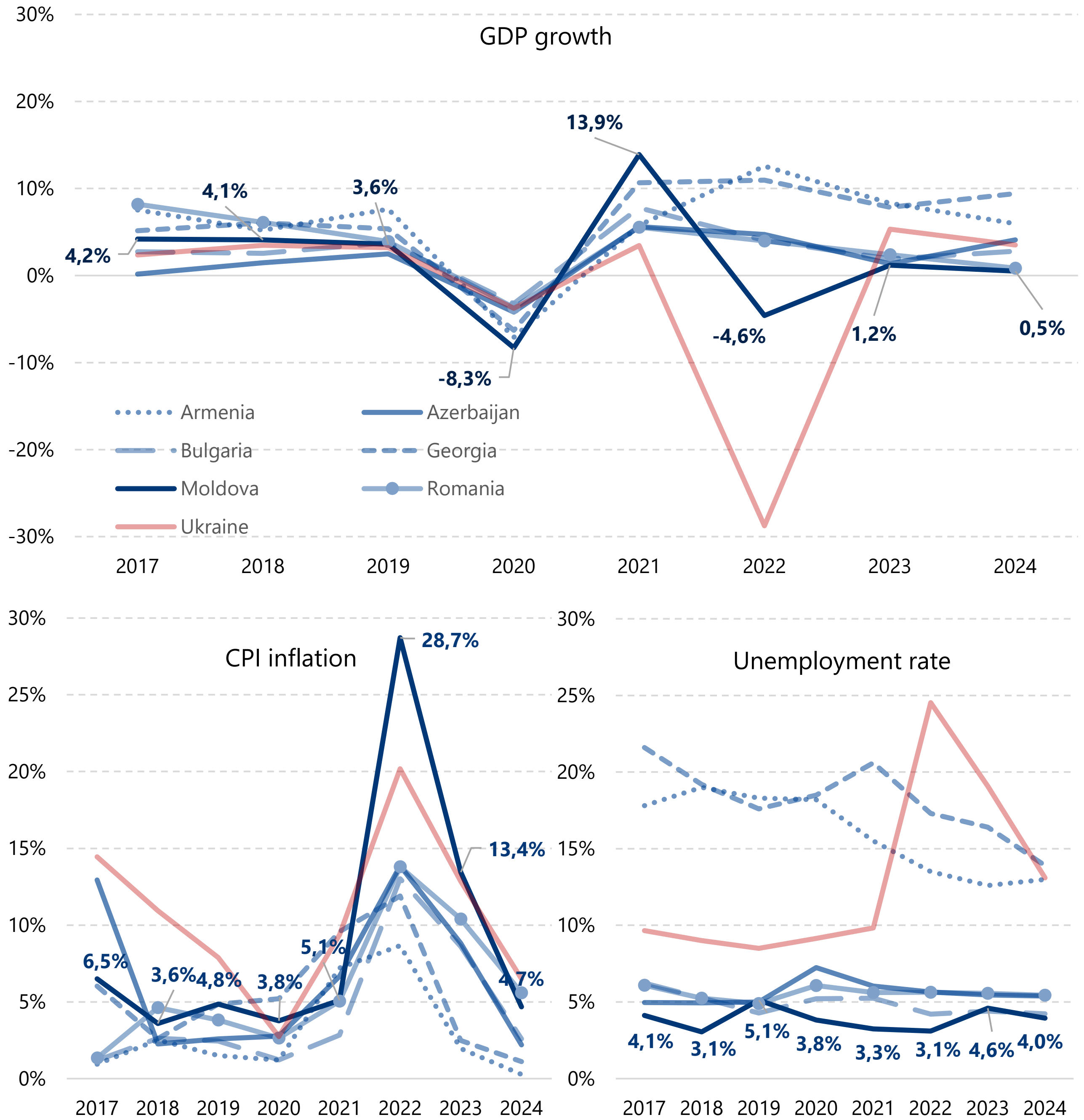
At the same time, the country experienced a sizeable inflow of refugees. Moldova hosted over 500 000 (estimates vary) Ukrainian refugees since February 2022, with around 90 000 remaining in the country, which has been an additional economic burden for a nation of 2.6 million[45,46]. This influx strained public services, increased demand for food and housing, and heightened social pressures. Moldova has also been subject to hybrid threats from Russia[47].

Moldova lost access to the Odesa port, its primary maritime gateway, forcing a rapid and costly reorientation of trade routes. The volume of goods handled at Moldova's Giurgiulești port doubled in 2022, but capacity constraints and higher costs remain problematic. Moldova now relies heavily on Romania's Constanța port for international trade, which has helped maintain export flows but at significantly higher cost and complexity, particularly for perishable goods[48]. For example, transport costs for Moldovan cereal exporters rose by 180 % in 2022[49].

Focusing on the sectoral effects, the war affected several segments of the Moldovan industry's value chains through both supply and demand channels. On the supply side, imports of materials and semi-finished goods from Ukraine, Russia, and Belarus were disrupted, impacting Moldova's furniture, construction, and automotive sectors, resulting in delays and increased costs. On the demand side, a decline in purchasing power in Russia, Ukraine, and Belarus, along with sanctions and logistical barriers, led to a decrease in exports of Moldovan-manufactured goods, including medicines and processed foods[50].

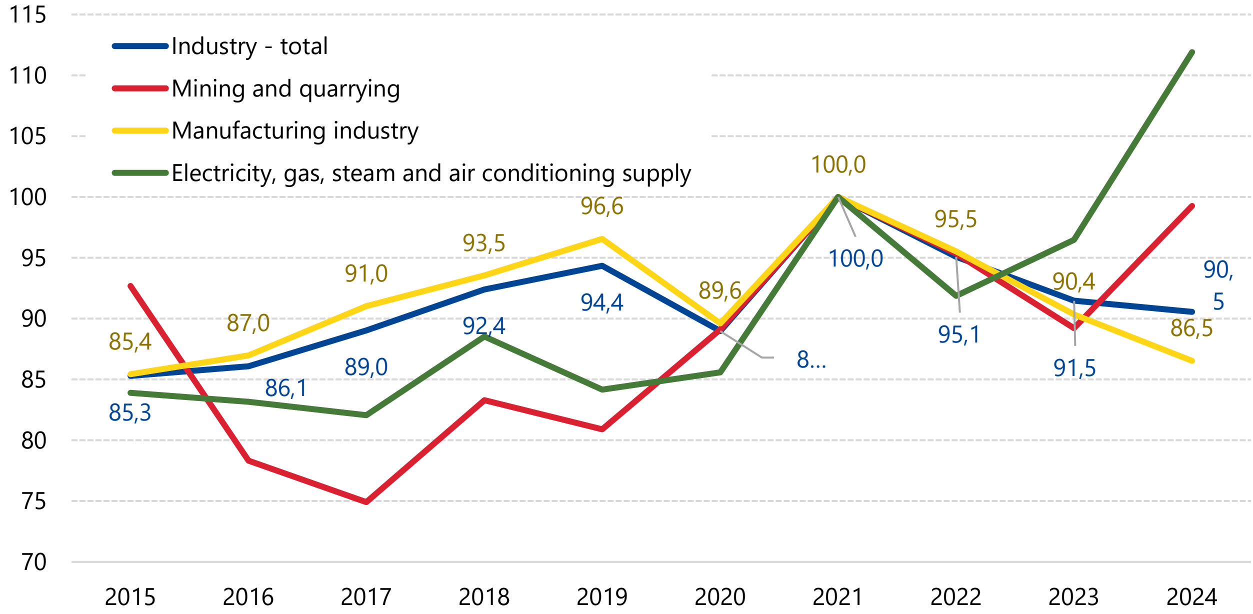
[42] Zaharov, I., Bogatiuc, C. (2024) From crisis to catalyst: The impact of Russia's war on Moldova's domestic and foreign policies, PONARS Eurasia Policy Memo No. 893, PONARS Eurasia, George Washington University. https://bunny-wp-pullzone-a7uhvox9dj.b-cdn.net/wp-content/uploads/2024/04/F_PEPM_Zaharov_Bogatiuc_April2024.pdf
[43] Busch, C. (2023) Moldova's economy continues to struggle amid war in Ukraine. Moldova Newsletter 76, German Economic Team, https://www.german-economic-team.com/wp-content/uploads/2023/04/GET_NL_MDA_76_ENG-4.pdf
[44] Dabrowski et al. (2025)
[45] Zaharov & Bogatiuc (2024)
[46] Lupusor et al. (2025)
[47] Busch, C. (2022) War in Ukraine: Moldova to face severe economic shock. German Economic Team Newsletter 70, https://www.german-economic-team.com/en/newsletter/war-in-ukraine-moldova-to-face-severe-economic-shock/
[48] Augusztin, A., Iker, A., Cerovic, D., Vavra, D. (2023) Socio-economic impact on the Moldovan economy since the war in Ukraine: Policy brief. Norwegian Refugee Council, https://www.nrc.no/globalassets/pdf/reports/socio-economic-impact-on-the-moldovan-economy/policy-brief.pdf
[49] Busch (2022)
[50] Busch (2022)

Figure 13. GDP growth, consumer inflation and unemployment in the region



Source: IMF WEO database

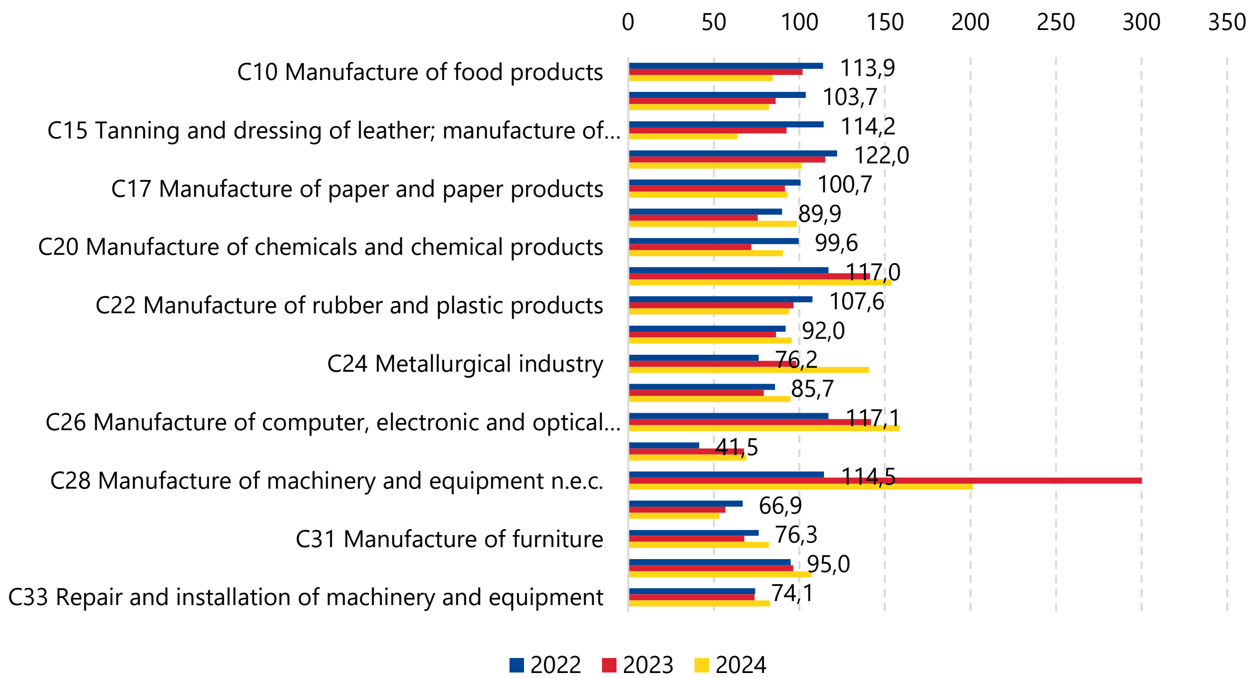
Figure 14. Output of Moldova's industry, 2021=100



Source: Statistica Moldovei

The output of Moldova's industry decreased by 4.9 % in 2022, and manufacturing decreased by 4.5 %, compared to the previous year (Figure 13). The decline persisted in the following years, with industry contracting by 9.6 % and manufacturing by 13.5 % in 2024 relative to 2021. In 2024, manufacturing output was lower than that of 2017. Mining nearly recovered from the initial contraction by 2024, and the broader energy sector achieved a full recovery, with the output increasing beyond 2021.

Figure 15. Output of Moldova's manufacturing sectors, 2021=100



Source: Statistica Moldovei. The numbers indicated on the graphs show the level of output in 2022 relative to 2021.

The sectors' performance has been quite varied, with some subsectors experiencing sharp declines while others remained resilient. The different performances within manufacturing reflect the sector's integration into diverse value chains and varying exposure to war-related disruptions. Industries dependent on raw materials from Ukraine and Russia faced significant supply chain issues, whereas those serving EU markets or benefiting from import substitution demonstrated resilience.

Analysing the industrial output data, the industries that experienced the most significant decline include advanced manufacturing sectors, such as electrical equipment (58.5 % decline in 2022), motor vehicles (33.1 % decline), and the related upstream industries, like metal and metal products. The production of furniture also saw a significant decrease of 23.7 % in 2022. The electrical equipment sectors at least partially recovered already in 2023. Production of machinery and equipment remained resilient throughout 2022, tripling in 2023. Both sectors' growth was mainly driven by increased demand for exports.

The agricultural sector was severely affected. In its value chains (agriculture amounts to around 9 % of Moldova's GDP[51]), the war disrupted imports of fertilisers, animal feed, and other agricultural inputs from Ukraine and Russia[52]. This caused shortages and a spike in prices for key staples, including dairy, vegetables, and salt. Production costs for staple crops soared in 2022: wheat (+99 %), maize (+81 %), rapeseed (+53 %), and sunflower (+64 %) compared to the pre-war average[53]. The combined effect of higher input costs, disrupted supply chains, and inflation led to a sharp rise in food prices, eroding household purchasing power and increasing food insecurity, especially among rural and vulnerable populations[54]. The profitability of most crops declined due to higher costs and logistical hurdles[55].

In 2021, Russia, Ukraine, and Belarus accounted for 14.2 % of Moldova's total exports, valued at approximately EUR 292 million[56]. Before the war, Moldova exported significant quantities of apples, grapes, wine, and medicines to these three countries. With the outbreak of war, exports to Ukraine and Russia were severely disrupted due to the closure of trade corridors, reduced purchasing power, and payment risks. For apples alone, Moldova exported EUR 78 million to Russia in 2021. This market has largely collapsed, leaving producers with unsold stock[57].

The construction sector experienced a deteriorating trajectory throughout the war period, with construction works declining by 13.9 % in 2022 and by an additional 2.5 % in 2023. It faced multiple challenges, including increased materials costs due to disrupted supply chains, high financing costs

[51] Malic, N. (2024) EU harmonisation puts Moldovan agriculture at a crossroads. Moldova Newsletter 86, German Economic Team, https://www.german-economic-team.com/wp-content/uploads/2024/12/GET_NL_MDA_86.pdf
[52] Ferreira, G. F., Critelli, J. (2023) Food resiliency in Moldova: Assessment and lessons from Ukraine, Military Review, https://www.armyupress.army.mil/Journals/Military-Review/Online-Exclusive/2023-OLE/Ferreira-Critelli/
[53] Ferreira & Critelli (2023)
[54] Augusztin et al. 2023
[55] Except sunflowers where world prices increase outweighed the cost increase, Busch (2022), Moldovan agriculture uniquelyaffected by war in Ukraine, Moldova Newsletter 73, German Economic Team, https://www.german-economic-team.com/wp-content/uploads/2022/09/GET_NL_MDA_73_ENG.pdf.
[56] UN COMTRADE data, converted to euro.
[57] Zbanca et al. (2022).

as the National Bank of Moldova raised interest rates to combat inflation and reduced demand from both private and public sectors due to economic uncertainty[58].

The energy sector in Moldova experienced significant disruptions during the war. As Moldova does not have fossil fuels, it relies predominantly on imported energy sources, as its supply is insufficient to meet domestic demand. Imports in 2022 accounted for roughly 51 % of the overall supply, with Russia playing a significant part (gas and oil)[59]. Own supply comes mainly from biofuels and agricultural waste[60]. Gas was primarily transported through pipelines in Ukraine. Moldovagaz, a Russia-controlled monopolistic distributor, was supplying gas to Transnistria. Still, Transnistria was not paying for it, which was a *de facto* Russian subsidy to Transnistria, where resales of gas are a significant source of income. Russia recognised the accumulated payments as part of Moldova's debt.

At the brink of the war, Moldova, a large part of electricity (70–80 %[61]) was supplied by the Cuciurgan (Kuchurgan) power station located in Transnistria, wholly owned by a Russian company and outside the control of Moldovan authorities. Electricity was also imported from Ukraine[62].

In late 2021, the dependence on Russia became a significant problem. A delay in the renewal of the long-term contract on gas supplies has led to shortages in Moldova, putting the country in a state of emergency and forcing it to turn to alternative sources and introduce energy savings[63]. Supported by the EU funds (budget support of EUR 60 million), Moldova managed to import gas from European countries, including Romania, Poland and Ukraine and build up reserves, which allowed Moldova to put pressure on Russia and renew the contract[64].

In late 2022, Gazprom reduced the supplies to Moldova by 30 % to exert pressure on Moldova and encourage people to participate in Russia-supported protests[65], This was followed by a rise in prices and by the end of 2022, it started to deliver gas only to Transnistria[66]. At the same time, as a result of Russia's bombing of energy infrastructure, Ukraine halted electricity exports to Moldova, exacerbating energy shortages. The separatist region of Transnistria, which previously used subsidised Russian gas, reduced electricity production for Moldova by nearly 73 %[67].

[58] World Bank (2024) Moldova economic update: Special topic: Energy affordability, World Bank, https://thedocs.worldbank.org/en/doc/9a4979b9cb56380179fbe177ed17dc66-0080012024/original/Moldova-MEU-English.pdf

[59] Dąbrowski et al. (2025)

[60] Lupusor et al. (2025)

[61] Pieńkowski, J., Zaniewicz, J. (2021), The Moldovan Gas Crisis: Causes and Consequences, The Polish Institute for International Affairs

[62] UNECE (2024) Building a Resilient and Carbon-neutral Energy System in the Republic of Moldova, Sustainable Energy Division, United Nations Economic Commission for Europe

[63] Lupusor et al. (2025)

[64] Pieńkowski & Zaniewicz (2021)

[65] Pienkowski, J (2023), Moldova Faces Down an Energy Crisis and Protests. The Moldovan Gas Crisis: Causes and Consequences, The Polish Institute for International Affairs, https://www.pism.pl/publications/moldova-faces-down-an-energy-crisis-and-protests

[66] Lupusor et al. (2025)

[67] Pieńkowski, Zaniewicz (2021)

In response, Moldova secured an additional electricity supply source from Romania and made purchases at spot prices. This was possible because when the full-scale invasion started, Moldova and Ukraine requested emergency synchronisation with the European transmission system. Trade in electricity started already in June 2022, with limits gradually increasing[68].

Russia's contract ensuring gas transit through Ukraine to Transnistria expired on 31 December 2024, which led to another round of cut-offs of essential energy supplies for heating, hot water, and gas in both Moldova and Transnistria. The European Commission provided a grant of EUR 64 million to support Moldova in purchasing gas in European markets and alleviate the crisis[69]. As Moldova has already been sourcing gas from European markets and electricity from Romania, Gazprom's decision has intensified the efforts to diversify from Russia fully. In early August 2025, the regulator ANRE revoked Moldovagaz's license to supply gas on the right bank, with Energocom (Moldova's electricity retailer) designated to take over end-consumer supply from 1 September 2025, while Moldovagaz continues distribution activities[70].

Following the January 2025 cut-off, the industry in Transnistria was forced to shut down[71]. An agreement with Transnistria also allowed the supply of gas to the region to alleviate? the rather difficult humanitarian situation in January 2025[72]. In February 2025, pressured by Russia, Transnistria rejected another EUR 60 million grant that was to improve its energy independence. Instead, it began receiving gas from Hungary through Moldovagaz, financed by a Russian loan. However, due to a lack of funds, these deliveries have been significantly reduced since mid-2025[73], leading to another crisis in the region. Moldovagaz will continue supplying Transnistria after 1 September 2025.

[68] IEA (2024) Ukraine's Energy Security and the Coming Winter. An energy action plan for Ukraine and its partners, International Energy Agency, https://iea.blob.core.windows.net/assets/cec49dc2-7d04-442f-92aa-54c18e6f51d6/UkrainesEnergySecurityandtheComingWinter.pdf

[69] Całus, K. (2025), Moldova: energy crisis in Transnistria (temporarily) resolved, Centre for Eastern Studies, https://www.osw.waw.pl/en/publikacje/analyses/2025-02-04/moldova-energy-crisis-transnistria-temporarily-resolved

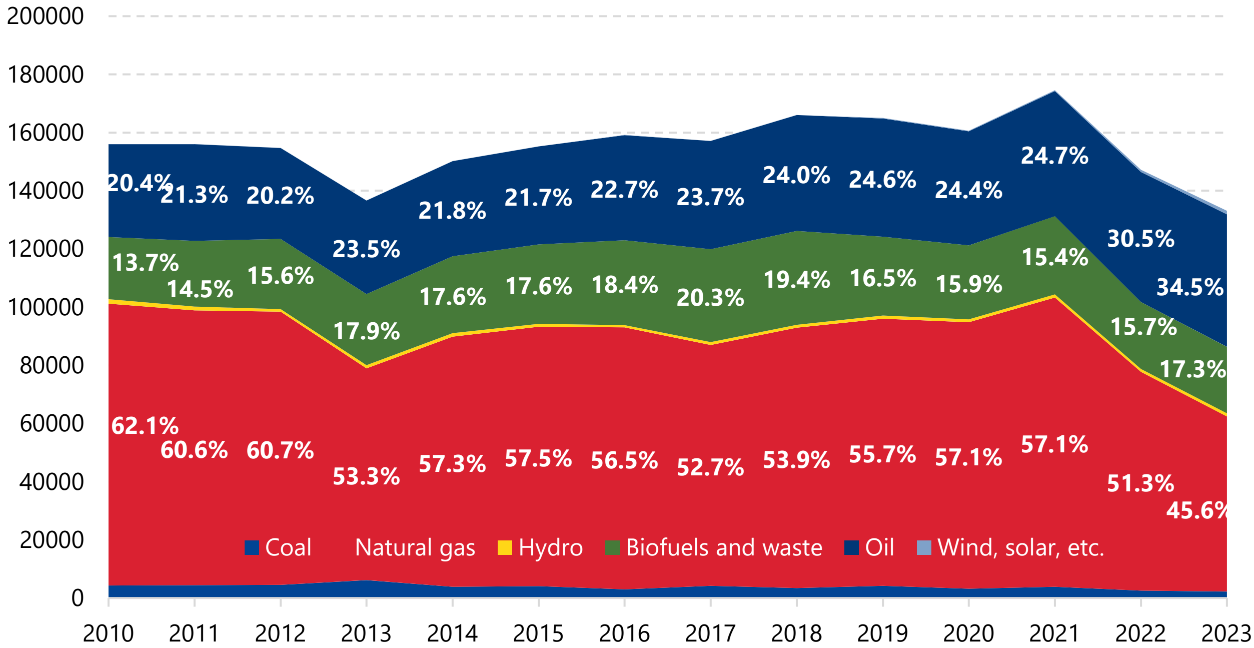
[70] Moldova buys 80 % of gas for heating season – minister, Interfax, 26.08.2025, https://interfax.com/newsroom/top-stories/113450/

[71] Starved of gas, industry shuts down in pro-Russian region of Moldova, Euractive 3.01.2025, https://www.euractiv.com/section/eet/news/starved-of-gas-industry-shuts-down-in-pro-russian-region-of-moldova/

[72] Moldova starts supplying 3 million cubic metres of gas to breakaway Transnistria region amid energy crisis, Kutielieva, I. 1.02.2025, Ukrainska Pravda, https://en.wikipedia.org/wiki/2025_Moldovan_energy_crisis#cite_note-:35-119

[73] Transnistria again declares economic emergency over Russian gas cut, The Kyiv Independent, 31.08.2025 https://kyivindependent.com/transnistria-again-declares-economic-emergency-over-russian-gas-cut/

Figure 16. Energy supply by source (terajoules and share of total supply)



Source: International Energy Agency

4 The future of EU-Moldova relations

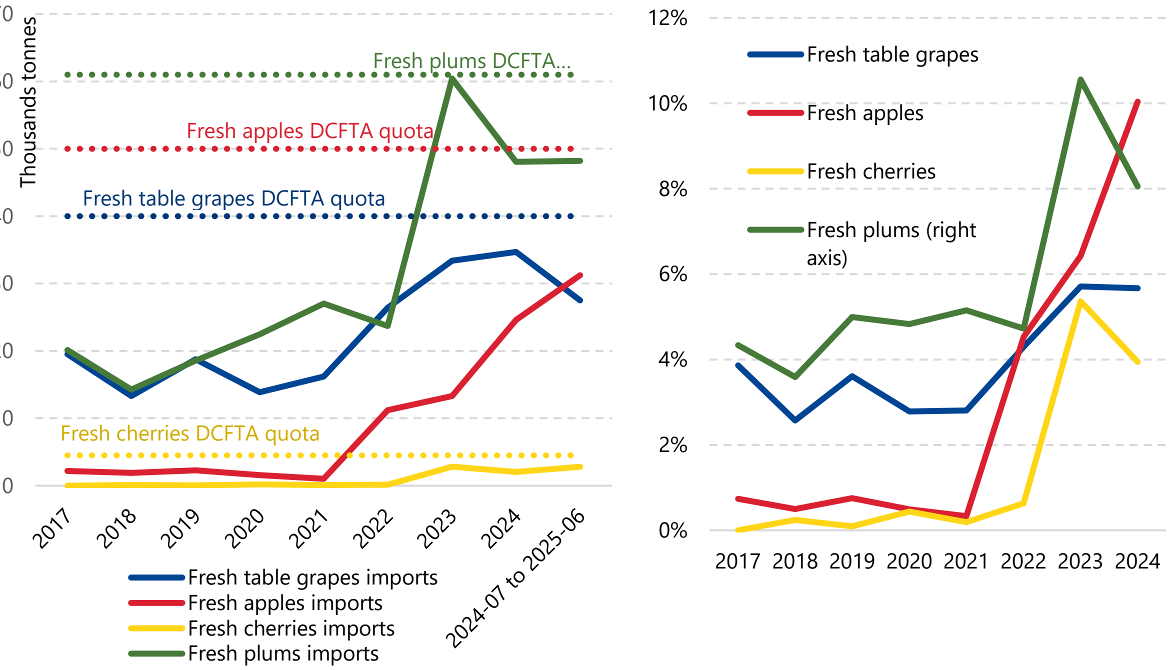
The future of EU-Moldova trade and investment relations is poised at a transformative juncture, shaped by the dual momentum of deepening integration under the AA and DCFTA, and the accelerating accession process. This section analyses the prospects for closer economic relations, the implications of the DCFTA revision from 24 July 2025, the impact of the Moldova Growth Plan, and the broader costs and benefits for both parties. It also considers whether Moldova could serve as a model for other EU accession candidates.

4.1 Prospects within the Association Agreement and the DCFTA framework

The AA, and particularly the DCFTA, has already anchored Moldova's economy firmly within the EU's economic orbit. The DCFTA provides for the removal of import duties on most goods, broad mutual access to services, and non-discriminatory treatment for EU and Moldovan companies establishing subsidiaries or branches. A core pillar is the progressive alignment of Moldovan trade-related laws with EU legislation, which is designed to improve governance, strengthen the rule of law, and expand economic opportunities by widening access to the EU market.

Temporary trade liberalisation measures, adopted in solidarity with Moldova after the Russian invasion of Ukraine, have further stimulated exports and supported socio-economic development. These measures, which expired in July 2025, will be replaced by a revised DCFTA in the coming months. As indicated earlier, the new DCFTA reintroduces quotas, albeit larger ones than in the original DCFTA, which is a step back from the ATMs, but also includes extra concessions from Moldova.

Figure 17. Revised DCFTA EU TRQs and actual imports (left), shares of imports from Moldova in total extra EU imports (right)



Source: Eurostat, the shares in the right graph based on quantities (tonnes)

Table 1. Shares of selected product exports to the EU in overall exports of Moldova

Product	Quantity share	Value share
Fresh apples	89 %	89 %
Fresh cherries (excl. sour cherries)	82 %	69 %
Fresh grapes	53 %	45 %
Fresh plums and sloes	17 %	16 %

Source: Eurostat, the shares in the right side graph are based on quantities (tonnes). The categories listed are broader than those for the TRQ, as data for Moldova is available in 6-digit classification instead of 8-digit.

The revised provisions of the DCFTA apply only to agricultural and food products. Despite a relatively high share of agricultural products in Moldova's exports to the EU, they have a limited impact on the economy as a whole. The newly introduced TRQs replacing the expired ATMs are primarily based on the recent trade volumes and have a varying degree of restrictiveness. For example, EU imports of plums reached the revised DCFTA quota level in 2023. Imports of fresh plums from Moldova accounted for 53 % of EU fresh plum imports (40 % in 2024), making Moldova a significant exporter. Moreover, exports to the EU accounted for only 16–17 % of overall Moldova's exports of plums (Table 1), indicating ample room for export redirection towards the EU, which the quota clearly prevents. In fresh apples, on the other hand, already 89 % of Moldova's exports went to the EU, with the shares in EU imports at 10 %, indicating a smaller potential for trade expansion. Given the fast dynamics of apple exports to the EU in recent years, the quota still allows for their expansion by over 60 %. However, compared to the volumes of EU exports and domestic production of all of the products, their imports so far have been relatively insignificant; therefore, the impact of imports on the EU internal market should be relatively minor[74].

Moldova's concessions (Table 2), according to 2024 EU export numbers, amount to EUR 75 million as evaluated with the value of 2024 export flows to Moldova, which amounts to 0.4 % of EU exports in the respective categories, with sugar being the only broad product group where the share in EU exports exceeds 1 %. Moreover, relative to the total EU exports to Moldova at EUR 5.2 billion in 2024, they account for 1.4 %. Therefore, given the size of the Moldovan market, these are not breakthrough concessions for the EU producers. However, there is certainly room for growth in EU exports, as TRQs are present only in 15 out of 97 8-digit categories subject to concessions, and only in one category these TRQs are binding[75]. 83 categories are not subject to quantitative restrictions and their overall value in 2024 terms is EUR 68.3 million (91.1 % of the value of all concessions).

Table 2. Moldova's concessions valued by 2024 EU export values

Category	Value in million EUR (2024)	% of total EU exports	Number of CN8 categories		
			Overall	subject to TRQ	TRQ binding
Pork	27.0	0.5 %	15	2	0
Chicken	8.4	0.2 %	21	1	0
Meat products	7.1	0.2 %	16	4	0
Milk, cream	7.0	0.4 %	14	3	1
Butter	5.2	0.3 %	10	3	0
Sugar	20.3	1.1 %	21	2	0
Total	75.0	0.4 %	97	15	1

Source: Own calculations based on Eurostat and COM(2025) 454 final

It has to be reiterated that while agriculture is vital for Moldova's trade, the macroeconomic effects coming from agriculture are limited. The primary source of export spillovers and productivity gains in developing countries usually comes from exports of manufactured goods. Their trade has been tariff-free and has been expanding since the DCFTA went into effect. The revised DCFTA does not immediately change anything for Moldova's trade outside agriculture and food. Trade facilitation continues through non-tariff measures, including TBT provisions, conformity assessment procedures, and standards alignment.

Therefore, the main challenge for Moldova is not the reduction of tariffs, but rather the effective adoption and implementation of EU rules, including those related to SPS measures, technical regulations, intellectual property, state aid, and public procurement. The alignment with EU standards will be required as part of the accession process, and the further development of Moldova's trade with the EU and economic relations will increasingly take place in the framework

[74] The bi-monthly monitoring reports show the imports, exports and EU production data of products in question, SWD(2025) 247 final, Commission Staff Working Document, Bi-monthly report to the Member States Impact of the trade liberalisation measures for Moldova on the EU market – July 2025, Brussels, 7.8.2025, https://data.consilium.europa.eu/doc/document/ST-12093-2025-INIT/en/pdf

[75] Milk and cream of a fat content by weight of > 3 % but <= 6 %, in immediate packings of <= 2 l, not concentrated nor containing added sugar or other sweetening matter.

of the accession process. Moldova's ability to fully benefit from the DCFTA will depend on continued investment in infrastructure, administrative reform, transparency and anti-corruption measures.

4.2 The accession process and the Moldova Growth Plan

Moldova's path toward EU membership accelerated dramatically following Russia's invasion of Ukraine. On 3 March 2022, Moldova signed the application for EU membership. The European Commission formally recommended candidate status on 17 June 2022[76], and the European Council granted candidate status to Moldova on 23 June 2022, alongside Ukraine[77]. This decision was conditional on implementing structural reforms in key areas, including economic efficiency, corruption reduction, property rights enforcement, and energy efficiency. Accession negotiations officially began on 25 June 2024, with the screening process covering 33 chapters of the EU acquis. As of 2025, Moldova has completed screening for 28 out of 33 chapters, demonstrating significant progress in aligning with EU standards[78,79].

At the heart of this process lie the Copenhagen economic criteria, which, among other things, require Moldova to demonstrate a functioning market economy capable of withstanding competitive pressures within the Union's Single Market, and to achieve sustainable convergence of macroeconomic indicators (inflation, public finances, and external balance) with those of existing member states[80]. Unlike the DCFTA's chapter on trade liberalisation, accession demands alignment across all 35 policy chapters – ranging from public procurement and competition policy to financial services and transport – organised in six thematic clusters under the revised enlargement methodology[81]. Each chapter opened represents a new layer of integration: screening of national laws, adoption of EU directives and regulations, institution-building to enforce them, and eventual closure only once full compliance is verified.

The benchmarking system for Moldova follows the established EU methodology with opening, interim, and closing benchmarks for each cluster. The Fundamentals cluster is subject to special procedures, requiring roadmaps defining reform priorities before the opening benchmarks can be

[76] COM(2022) 406 final, Commission Opinion on the Republic of Moldova's application for membership of the European Union, Communication from the Commission to the European Parliament, the European Council and the Council, Brussels, 17.6.2022, https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:52022DC0406

[77] Moldova, European Council for the European Union, https://www.consilium.europa.eu/en/policies/moldova/, access 5.07.2025

[78] Enlargement Package – Republic of Moldova, Government of Moldova, https://old.gov.md/en/content/enlargement-package-eu-republic-moldova, access 5.07.2025

[79] SWD(2023) 698 final

[80] How EU enlargement works, Council of the European Union, https://www.consilium.europa.eu/en/policies/how-enlargement-works/, access: 15.07.2025

[81] COM(2020) 57 final, Enhancing the accession process - A credible EU perspective for the Western Balkans. Communication from the Commission to the European Parliament, the Council, The European and Social Committee and the Committee of the Regions, Brussels, 5 February, https://neighbourhood-enlargement.ec.europa.eu/document/download/ef0547a9-c063-4225-b1b4-93ff9027d0c0_en?filename=enlargement-methodology_en.pdf

set. Progress in the Fundamentals cluster directly affects decisions to open and close other clusters, emphasising the primacy of the rule of law, democracy, and anti-corruption reforms[82].

Most significant progress for Moldova has been recorded in eight chapters: consumer and health protection, education, transport, environment, customs union, regional policy, intellectual property rights, and statistics. The preparation levels vary across chapters, with Moldova achieving 'good level of preparation' or 'well advanced' status in several areas, particularly in external relations and specific aspects of the green agenda[83].

As far as regulations more specific to trade and investment are concerned, according to the 2024 European Commission's annual progress report, in 2024, Moldova was at 'some level of preparation' in the area of free movement of goods. The document underlines only limited progress in adopting EU standards. The Commission recommended intensified work on aligning the legislation to Articles 34-36 (free movement of goods) of the Treaty on the Functioning of the European Union (TFEU), including strengthening the relevant administration. Moreover, Moldova was requested to align its legislation with the EU acquis on vehicles[84]. Moldova was also assessed as 'moderately prepared' in the area of customs union. It was praised for making good progress in implementing the new 2024 Customs Code, with pending rules and procedures selected for implementation. The recommendations include the reorganisation of the Customs Service, digitalisation of customs procedures, as well as preparation for joining the Common Transit Convention[85] and the implementation of the New Computerised Transit System[86].

In the area of free movement of capital, the 2024 progress was marked as 'moderate'. As far as the recommendations are concerned, the primary requirement is to align the legislation on foreign exchange with the EU acquis to liberalise foreign exchange operations. Moldova was requested to continue work on the implementation of the recommendations for preventing money laundering[87].

The concept of 'gradual integration' before accession is being explored, allowing Moldova to benefit from specific EU policies and programs ahead of full membership. This includes participation in programs like SEPA (Single Euro Payments Area, already approved)[88] and preparation for the 'Roam Like at Home' area[89], as well as financial support through programs such as the Growth Plan for Moldova.

[82] Emerson, M., Blockmans, S. (2024) EU Adopts Negotiating 'Frameworks' for Ukraine and Moldova: The Starting Gun for the Accession Process, SCEEUS Guest Commentary 15, 05.07.2024, https://cdn.ceps.eu/wp-content/uploads/2024/07/eu-adopts-negotiating-frameworks-for-ukraine-and-moldova.pdf
[83] SWD(2024) 698 final
[84] SWD(2024) 698 final
[85] https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=legissum:l11025
[86] https://taxation-customs.ec.europa.eu/online-services/online-services-and-databases-customs/new-computerised-transit-system-ncts_en
[87] SWD(2024) 698 final
[88] European Commission welcomes inclusion of Moldova and North Macedonia in the Single Euro Payments Area. European Commission Press Release, 6.03.2025, https://enlargement.ec.europa.eu/news/european-commission-welcomes-inclusion-moldova-and-north-macedonia-single-euro-payments-area-2025-03-06_en, access: 29.07.2025
[89] EU and Moldova forge deeper ties at historic first Summit in Chișinău, European Commission Press Release, 4.07.2025, https://enlargement.ec.europa.eu/news/eu-and-moldova-forge-deeper-ties-historic-first-summit-chisinau-2025-07-04_en

A central part of this new phase is the Moldova Growth Plan, which includes the Reform and Growth Facility, valued at EUR 1.9 billion for 2025–2027. It comprises EUR 520 million in grants and EUR 1.5 billion in long-term, low-interest loans[90]. Disbursement is conditional on the effective implementation of reforms linked to accession. It includes a pre-financing mechanism, providing 18 % pre-financing compared to the initially envisaged 7 %. This adjustment, specifically negotiated for Moldova, enables rapid deployment of resources to address urgent needs in energy security, anti-corruption infrastructure, and public service modernisation. The first disbursement of EUR 270 million was announced during the EU-Moldova Summit in July 2025[91].

The Growth Plan aims to double Moldova's economy over the next decade, supporting investments in infrastructure, energy resilience, healthcare, education, and digitalisation. It is also meant to reduce regional disparities and prepare Moldovan businesses and workers for competition in the EU Single Market[92]. The reform agenda encompasses seven key pillars[93,94,95,96]: fundamentals, including the rule of law and governance, economic competitiveness and human capital strengthening, critical infrastructure projects including the Chișinău ring road, the Odesa-Chișinău-Iași connection, bridges over the Prut River, energy security infrastructure, and healthcare facilities in Cahul and Bălți, environmental resilience, connectivity, and digital transformation; alongside comprehensive alignment with the EU acquis across all negotiating chapters. Administrative capacity building receives dedicated attention, with 20 % of grant funds earmarked for strengthening Moldova's institutions through digital governance systems, civil service training, and judicial reforms.

According to the European Commission's announcement, the plan has the potential to 'double the economy'[97] of Moldova over a decade. For Moldova's GDP to double over 10 years in real terms, it would require a 7.2 % average growth rate over 10 years. Given the program's size relative to the country's GDP, extraordinary absorption capabilities and reform advancements in several fields would be necessary to achieve such high growth spillovers to the economy. Even then, maintaining

[90] Parliament approves new support plan for Moldova, European Parliament Press Release,10.03.2025, https://www.europarl.europa.eu/news/en/press-room/20250310IPR27218/parliament-approves-new-support-plan-for-moldova

[91] EU and Moldova forge deeper ties at historic first Summit in Chișinău, European Commission Press Release, https://enlargement.ec.europa.eu/news/eu-and-moldova-forge-deeper-ties-historic-first-summit-chisinau-2025-07-04_en

[92] COM(2024) 469 final

[93] https://www.eeas.europa.eu/sites/default/files/documents/2024/Growth%20Plan%20for%20Moldova%20-%20Factsheet.pdf

[94] COM(2024) 469 final, Proposal for a Regulation of the European Parliament and of the Council on establishing the Reform and Growth Facility for the Republic of Moldova, https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:52024PC0469

[95] COM(2024) 469 final

[96] Commission adopts EUR 1.8 billion support package to underpin Moldova's economic growth plan on its path to the EU, European Commission Press Release, 10.10.2024, https://enlargement.ec.europa.eu/news/commission-adopts-eu18-billion-support-package-underpin-moldovas-economic-growth-plan-its-path-eu-2024-10-10_en

[97] European Commission website, https://enlargement.ec.europa.eu/european-neighbourhood-policy/countries-region/moldova_en, access: 29.07.2025

such a growth over a decade would be highly unlikely even in a favourable external environment, which is not exactly expected for the region in the coming years.

4.3 Potential costs and benefits of closer economic integration

Deeper economic integration between Moldova and the European Union goes far beyond tariff reductions and regulatory alignment under the DCFTA. As a candidate country, Moldova is now beginning the complete EU accession process, which ultimately involves adopting the entire acquis communautaire, participating in the Single Market's 'four freedoms', aligning its macroeconomic framework with EU fiscal and monetary standards, and achieving complete institutional integration into EU decision-making structures.

Economic integration gradually deepens. Under the DCFTA, Moldova has aligned its trade-related legislation; accession involves extending this to services, capital flows, public procurement, state aid control, and sectoral regulation. This 'deep integration' fundamentally differs from a free trade area: it transforms Moldova's entire regulatory environment to mirror EU law, removing behind-the-border barriers to market access and factor mobility[98]. For businesses, this means that EU-Moldova trade will be governed less by preferential quotas and more by a unified rulebook covering technical standards, digital single market rules, and financial regulation, providing the full efficiency benefits of a common market and a customs union. The removal of tariffs, quotas, and customs borders, harmonised standards, and mutual recognition of qualifications will enable Moldovan goods and services to compete equally across the EU, unlocking economies of scale and new market opportunities.

Negotiations of trade agreements are often the hardest in the area of agri-food products where sensitive products are likely to be found. Full EU membership significantly differs from the DCFTA, as the policy environment for agriculture is governed by the Common Agricultural Policy which provides a broader set of instruments to ensure level playing field. Moreover, Moldova's production capacities are too small to disrupt EU markets, as shown by the recent ATM experience[99]. Similarly, full access to Moldovan agrifood market will benefit the EU producers. The structure of the sensitive products is not significantly overlapping.

Outside agriculture and food production, we can expect high gains in bilateral trade both in terms of dynamics and overall magnitude in the industry and services. In manufactured goods, EU-Moldova trade is essentially tariff and quota free. Moldova's machinery and equipment sectors are an example of complementarity in tasks in global value chains in manufacturing ecosystems rather than traditional complementarity of products, where products of some sectors are traded for the others. In sectors like this, that are vertically integrated internationally, low trade barriers and deeper integration through harmonisation of standards and regulations is likely to lead to productivity gains and upgrading. Business services play a significant role in organising those value

[98] See, e.g., Begg, I. (2021) The European Union and regional economic integration: Creating collective public goods – Past, present and future, EPRS_BRI(2021)689369, European Parliamentary Research Service. https://www.europarl.europa.eu/RegData/etudes/BRIE/2021/689369/EPRS_BRI(2021)689369_EN.pdf

[99] Unlike in the case of Ukraine, where industrial agricultural production is not only very large but also very cost-effective.

chains (i.e., logistics, ICT, accounting services, outsourcing). Further integration with the Single Market will contribute to more frictionless trade in these value chains.

Empirical research on past enlargements underscores the magnitude of these deeper integration gains. Here, the examples of the 2004, 2007, and 2013 Central and Eastern European (CEE) countries' accessions serve as a good benchmark. Given the ample time after their accession, the long-term effects can be analysed robustly. For example, an IMF study shows that candidate regions saw per-capita income increases of over 30 % within fifteen years, driven by productivity catch-up and capital deepening facilitated by single market access and EU funding compared to the scenario of no accession[100,101].

Capital deepening, FDI inflows, and increased participation in regional value chains have enabled accession countries to build their export potential[102], which in turn provided the main engine of economic growth for the following years. The EU accession provided robust gains in exported value added[103], which were the source of sizeable, export-driven income convergence of the CEE[104]. However, the sound institutional environment and a functioning market economy were important for those gains to materialise[105].

The accession process also provides access to EU cohesion and structural funds that are not available under the DCFTA. After joining, Moldova would become eligible for multi-billion-euro allocations from the Cohesion Fund, the European Regional Development Fund, and the support schemes of the Common Agriculture Policy. These instruments promote regional development, modernise infrastructure, and boost rural resilience, addressing existing regional disparities and the unequal regional effects of trade liberalisation.

Fiscal and monetary convergence requires further integration steps. Moldova needs to align its budget policies with the deficit and debt limits of the Stability and Growth Pact and strengthen its independent central bank to maintain price stability in line with the rules of the European System of Central Banks. Although euro adoption remains a distant goal, these preparatory measures facilitate smoother financial integration and reduce transaction costs, while reinforcing macroeconomic discipline.

Yet, as with the DCFTA, the transition costs are asymmetric and front-loaded. Full acquis adoption requires Moldova to overhaul its legal, administrative, and judicial systems, entailing significant

[100] Beyer, R. C. M., Li, C., Weber, S. (2025) Economic Benefits from Deep Integration – 20 years after the 2004 EU Enlargement, IMF Working Papers, 2025(047), https://doi.org/10.5089/9798229001960.001

[101] See also: Campos, N. F., Coricelli, F., Moretti, L. (2019) Institutional integration and economic growth in Europe. Journal of Monetary Economics, 103, 88–104. https://doi.org/10.1016/j.jmoneco.2018.08.001

[102] Spornberger, J. (2021) EU integration and structural gravity: A comprehensive quantification of the border effect on trade, Review of International Economics. https://onlinelibrary.wiley.com/doi/10.1111/roie.12589

[103] Hagemejer, J., Mućk, J. (2025) EU enlargements, Brexit and value-added trade: A structural gravity approach. PLOS ONE, 20(4), e0299738, https://doi.org/10.1371/journal.pone.0299738

[104] Hagemejer, J., Mućk, J. (2019) Export-led growth and its determinants: Evidence from Central and Eastern European countries. The World Economy, 42(7), 1994-2025, https://doi.org/10.1111/twec.12790

[105] Hagemejer, J., Michałek, J. J., Svatko, P. (2021) Economic impact of the EU Eastern enlargement on New Member States revisited: The role of economic institutions. Central European Economic Journal, 8(55), 126-143, https://doi.org/10.2478/ceej-2021-0008

fiscal outlays and requiring technical assistance. The CEPS DCFTA evaluation emphasises the importance of capacity building in public administration, judicial reform, and anti-corruption measures to ensure effective enforcement, lest legislative alignment remain superficial. Social adjustment programmes and targeted EU pre-accession funds (e.g., Instrument for Pre-Accession Assistance) are critical to mitigate short-term dislocations, notably in labour-intensive and rural sectors vulnerable to heightened competition under free movement of labour and services. At the micro-level, Moldova's SME must invest in compliance with EU sanitary, technical and phytosanitary standards. Accessing credit remains difficult: despite the EU-backed DCFTA SME Facility[106], most micro-enterprises report prohibitive collateral requirements and interest rates, limiting their ability to finance necessary upgrades[107].

4.4 Moldova as a showcase for EU accession

Moldova's trajectory offers important lessons for other EU candidates. Despite its small size, challenging geography, and exposure to external threats, Moldova has achieved considerable progress in aligning with EU standards, reorienting its trade, and attracting European investment. The speed of the accession process – opening negotiations just two years after obtaining candidate status – demonstrates what is possible with strong political will, strategic EU support, and a clear reform agenda.

Moldova's experience underscores the importance of sequencing reforms, prioritising competitiveness in export-oriented sectors, and focusing EU support on both need-based and performance-based criteria. The conditionality attached to the Growth Plan and pre-accession funds ensures that reforms are sustained and that benefits are broadly shared.

However, the mobilisation in the integration process of Moldova certainly was possible due to the unique circumstances, i.e., the gradual shifting of several countries in the region under Russian influence, the Russian full-scale invasion of Ukraine, the persistence of adhering to the EU values, and Moldova's staying on the integration path[108]. Such factors may not necessarily be available for other candidates.

At the same time, Moldova's path is not without risks. Political instability, hybrid threats from Russia, and social resistance to reform remain significant challenges[109,110]. The close result of the 2024 referendum on EU accession, with strong support from the diaspora but weaker backing at home, suggests that public consensus cannot be taken for granted. Continued engagement with

[106] https://old.eu4business.eu/programme/dcfta-sme-direct-finance-facility
[107] Gutium, T., Speian, O. (2022) Access to finance by Moldovan small and medium enterprises: Main obstacles and solutions. The Journal Contemporary Economy 7(3), 97-108, http://www.revec.ro/papers/220312.pdf
[108] See Dąbrowski, M. (2024) The European Union's Geopolitical Ambitions: Enlargement, Neighbourhood and Necessary Institutional Changes, Intereconomics 59(6), 327-331, https://www.intereconomics.eu/contents/year/2024/number/6/article/the-european-union-s-geopolitical-ambitions-enlargement-neighbourhood-and-necessary-institutional-changes.html
[109] Oleksy, P. (2024). "Moldovan lessons in European integration", New Eastern Europe 15.11.2024, https://neweasterneurope.eu/2024/11/15/moldovan-lessons-in-european-integration/
[110] Nicorici, D. (2024). "Moldova has secured its EU path but new challenges arise", New Eastern Europe 3.12.2024, https://neweasterneurope.eu/2024/12/03/moldova-has-secured-its-eu-path-but-new-challenges-arise/

civil society, transparent communication of the costs and benefits, and inclusive policy-making will be essential to maintain momentum. The September 2025 parliamentary elections in Moldova will undoubtedly be an essential indicator for the future momentum of the accession process.

5 Conclusions

Looking ahead, the outlook for EU-Moldova trade and investment relations remains largely positive. The combination of the modernised DCFTA, the Moldova Growth Plan, and the accession process will foster deeper economic integration, increased resilience, and quicker convergence with EU living standards. Moldova's economy is likely to grow faster, diversify its exports, and attract more and higher-quality investments.

For the EU, Moldova's successful integration will strengthen the eastern neighbourhood, demonstrate the transformative power of enlargement, and serve as a model for future candidates. The process will require consistent effort, careful management of adjustment costs, and ongoing support from both sides. If Moldova continues its reform path and the EU maintains its commitments, the next decade could see Moldova become a true example of European integration – a testament to the mutual benefits of an open, rules-based, and inclusive Europe.

The EU-Moldova relationship has developed from a modest partnership to a comprehensive framework for European integration. The DCFTA has effectively shifted Moldova's trade towards European markets and laid the groundwork for economic alignment with EU standards. Moldova's candidate status and the commencement of accession negotiations mark a new phase in this relationship, supported by significant EU financial aid through the Growth Plan.

The autonomous trade measures and the subsequent review of the DCFTA show the EU's flexibility in adjusting the trade framework to changing circumstances and Moldova's developing needs. While challenges remain in areas like competitiveness, institutional capacity, and reform implementation, the trend indicates deeper integration and a potential path to EU membership.

The economic data reveal Moldova's growing reliance on and integration with EU markets, with the Union becoming the primary trade partner and investor. This economic integration, alongside political reforms and institutional alignment, positions Moldova as a notable example of the EU's transformative influence in its Eastern neighbourhood, despite ongoing challenges from regional instability and external pressures.

The Russian war of aggression against Ukraine has severely impacted Moldova's economy, with the agriculture, energy, manufacturing, and transport sectors experiencing the most severe shocks. The loss of export markets, rising input and energy costs, logistical disruptions, and inflation have caused a widespread recession, increasing social vulnerability. Moldova's swift shift towards the EU – as both a market and energy partner – has alleviated some effects. Still, the structural weaknesses revealed by the war will require ongoing reforms, investment, and international support to ensure long-term resilience and recovery.

The comprehensive analysis of EU-Moldova relations from 2005 to 2025 reveals a remarkable transformation that offers valuable lessons for the EU enlargement policy. Moldova's journey from a modest partnership arrangement to EU candidate status with open accession negotiations represents one of the most successful examples of European integration in the Eastern neighbourhood, despite facing extraordinary challenges, including Russian hybrid warfare, energy crises, and the profound impact of the war in Ukraine.

The success of the DCFTA in shifting Moldova's trade flows - with 67.3 % of exports now going to EU markets - combined with the dominance of European investment (84 % of FDI stock), demonstrates the transformative power of deep economic integration. The temporary autonomous trade measures and the update of the DCFTA have further sped up this process, offering a model for how the EU can adapt its trade tools to shifting geopolitical realities while keeping the integrity of its agreements.

However, the analysis also reveals significant challenges that must be addressed. The narrow victory in Moldova's constitutional referendum on EU integration, the persistent threat of hybrid interference, and the continued vulnerabilities in energy security underscore that European integration cannot be taken for granted[111]. The consequences of Russia's war of aggression have imposed severe costs on Moldova's economy, particularly affecting agriculture, energy, and manufacturing sectors, whilst simultaneously accelerating the country's strategic reorientation towards Europe.

6 Recommendations for the EU and the European Parliament

The EU and the European Parliament could consider the following trade-related recommendations.

The European Parliament could advocate for a regular assessment of EU-Moldova trade dynamics and a further progressive deepening of trade liberalisation beyond the 2027 review provided for in the current revision of the DCFTA[112]. The success of the 2025 DCFTA revision, which transformed temporary Autonomous Trade Measures into permanent, reciprocal arrangements, demonstrates the value of adaptive trade policy. The Parliament could call on the European Commission to establish a monitoring mechanism to evaluate quota utilisation rates, market integration progress, and Moldova's standards alignment every two years, rather than waiting for formal review cycles.

More specifically, the Parliament could recommend implementing semi-automatic quota increases for agri-food products, triggered when utilisation rates exceed 85 % for two consecutive years, combined with safeguard mechanisms to protect EU producers. This method would prevent artificial constraints that limit Moldova's export potential in high-performing sectors. Additionally, the bi-monthly monitoring reports on trade liberalisation measures conducted by the European Commission provide valuable data. The Parliament could hold hearings to review trade

[111] Oleksy, P. (2024)

[112] Cf. Article 2 of the Annex to the Proposal for a Council Decision on the position to be taken on behalf of the European Union in the Association Committee in Trade Configuration established by the Association Agreement between the European Union and the European Atomic Energy Community, and their Member States of the one part, and the Republic of Moldova, of the other part, as regards the reduction and elimination of customs duties (COM(2025) 454 final.

performance data and suggest policy adjustments. This process could also include analysing price effects, market disruption indicators, and the competitive impacts on EU producers.

The analysis shows that Moldova has made significant progress in manufacturing integration, especially in machinery and equipment (including automotive components and electronics). The Parliament could support pilot programmes that enable Moldova to participate in specific Single Market sectors before full accession, helping Moldova engage with EU value chains – particularly in the manufacturing of industrial components, where firms are likely to meet industrial standards. Removing TBT would further facilitate integration and yield productivity gains for the EU industry.

Furthermore, as Moldova's ICT exports grow and constitute a significant part of its services trade with the EU, the Parliament could advocate for Moldova's early integration into the Digital Single Market framework, including participation in digital identity systems, cybersecurity cooperation, and data governance frameworks.

The 2025 DCFTA revision's linking of market access to aligning with EU production standards provides a model for future integration. Parliament should ensure that trade liberalisation measures include explicit acquis alignment requirements, creating automatic progress towards accession compliance. This approach would address the current delay in regulatory approximation. The measures could involve tying quota increases to verified compliance with specific EU regulations, similar to the pesticide standards in the current revision, or allowing full Single Market participation in certain sectors once full regulatory alignment is achieved. Such conditionality might also include non-trade-related requirements.

The analysis reveals persistent weaknesses in Moldova's ability to implement EU standards effectively. The Parliament could advocate for substantial increases in technical assistance funding. These could include supporting Moldova's preparation for the Common Transit Convention and New Computerised Transit System implementation, which are critical for trade facilitation, establishing twinning programs between EU and Moldovan regulatory agencies to build practical enforcement capacity, particularly in SPS and TBT areas, as well as creating dedicated programs to help Moldovan small and medium enterprises meet EU standards.

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