

Electricity market tiraspol

On December 14th, 2023, the European Council decided to open accession negotiations with Moldova, recognizing Moldova's substantial progress when it comes to anti-corruption and de-oligarchisation reforms. The first intergovernmental conference was held on the 25th of June 2024, officially launching accession negotiations (European Council, 2024). On October 20th, 2024, Moldova will hold a referendum on enshrining Moldova's EU ambitions in the constitution. However, several issues remain to be solved, for Moldova to enter the EU.

The COVID-19 pandemic and refugee flows caused by Russia's invasion of Ukraine have only intensified this dependence. Furthermore, these events excavated existing vulnerabilities in the Moldovan economy, such as high inflation and soaring energy and food prices, which depressed households' disposable incomes and consumption, while war-related uncertainty contributed to weaker investment (World Bank, 2024c).

In addition to Moldova's economic challenges, the country also faces a particular and unusual problem; it does not fully control its territory. The Transnistrian region in the North-West of the country (at the South-Western border of Ukraine) constitutes about 12 percent of Moldova's territory. The region has a population of about 350 000 people, mostly Russian-speaking Moldovans, Russians, and Ukrainians.

Over the years, the interpretations of the conflict have become more controversial, ranging from the local elite's perspectives to assertions of an entirely artificial conflict fueled by malign Russian influence (Tofilat and Parlicov, 2020).

Notably, the Moldovan government has never officially recognized Transnistria as an occupied territory (see Article 11 of the Moldovan constitution stating "The Republic of Moldova is a Neutral State (1) The Republic of Moldova proclaims its permanent neutrality. (2) The Republic of Moldova shall not allow the dispersal of foreign military troops on its territory" (Constitute, 2024)).

Furthermore, the European Council's official recognition of Transnistria as an "occupied territory" on March 15, 2022, underscores the EU's stance on the matter and highlights Russia's pivotal role in providing political, economic, and military support to Transnistria (PACE, 2022).

Despite Russia's central role in Transnistria, the region's economy is, in practice, substantially integrated into the Moldovan and EU economies. This fact should be considered at various levels of decision-making when discussing Moldova's EU accession.

As depicted in Figure 1, economic activity in Transnistria has been quite "stable" in the last decade. GDP per capita has remained around 2000 US dollars, 2,5 times lower than Moldova's GDP per capita in 2021.

Figure 1. Moldovan and Transnistrian GDP per capita, in thousand USD

Another distinctive feature of Transnistria is the substantial reliance on remittances from abroad (see Figure 2). In 2021, remittances amounted to 143.7 million US dollars, constituting 15.5 percent of GDP in 2021 (if relying on the official exchange rate for US dollars, as published by the Pridnestrovian Republican Bank).

Figure 2. Remittances to/from Transnistria, in million USD

These figures highlight the significant integration of the Transnistrian economy into the European market and, to some extent, indicate the strong potential to further align in this direction.

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