

Moldova: Policy continuity expected following the presidential election, despite widespread division | Credendo

Event

Moldova's pro-EU Maia Sandu won the second round of the presidential elections which were, however, marred by allegations of Russian interference. Russia denied these accusations and denounced the elections as unfair, particularly as Moldovans living in Russia were not allowed to vote, unlike those living in the EU. Additionally, a referendum was held to determine if the Moldovan population wanted to join the EU, with the 'Yes' vote narrowly winning with a share of 50.35%.

Impact

The tension surrounding the elections (including allegations of Russian interference) and razor-tight results highlight the deep division between the pro-EU and pro-Russian population. More broadly, these events highlight the mistrust and division between the West and Russia against the backdrop of the ongoing war in Ukraine, Moldova's neighbour.

Looking ahead, President Maia Sandu is likely to continue with her bid to join the EU. The EU granted candidacy status to Moldova in June 2022 and decided to open accession negotiations in December 2023. However, she will be confronted with a tense political situation as parliamentary elections are to be held next year.

Against this tense political context, Credendo's ST and MLT political risk classifications have a stable outlook. The economy is recovering from multiple shocks stemming from the Covid-19 pandemic and the war in Ukraine, the latter of which has had a large impact on Moldova, particularly through a large increase in gas prices that led to a surge in inflation. Despite narrowing, the current account deficit remains considerable, estimated to reach 11% of GDP in 2024 (from 15.8% in 2022). The gross foreign exchange reserves are sufficient and on a steady increase. However, the country has very limited access to the international financial market and thus depends largely on multilateral institutions as a source of external financing.

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