

MOLDOVA: ARE THE RUSSIAN
TROOPS
REALLY LEAVING?

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COOPERATION IN EUROPE
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	PAGE
COMMISSIONERS	
Rep. Christopher H. Smith, Co-Chairman	1
Rep. Alcee Hastings	3
Rep. Joseph R. Pitts	17
WITNESSES	
Testimony of Steven Pifer, Deputy Assistant Secretary of State, Bureau of European and Eurasian Affairs, U.S. Department of State	4
Testimony of His Excellency Cezar Ciobanu, Ambassador of the Republic of Moldova to the United States	11
Testimony of Dr. Kimmo Kiljunen, Member of the Parliament of Finland and Chairman of the OSCE Parliamentary Assembly's Working Group on Moldova	14
Testimony of Amb. William Hill, Head of the OSCE Mission to Moldova	17
Testimony of Dr. Charles King, Assistant Professor, School of Foreign Service and Department of Government at Georgetown University	19
APPENDICES	
Prepared Statement of Hon. Ben Nighthorse Campbell	35
Prepared Statement of Hon. Christopher H. Smith	36
Prepared Statement of Hon. Steny H. Hoyer	38
Prepared Statement of Hon. Joseph R. Pitts	39
Prepared Statement of Steven Pifer	40
Prepared Statement of Amb. Cezar Ciobanu	45
Prepared Statement of Dr. Kimmo Kiljunen	50
Prepared Statement of Amb. William Hill	53
Prepared Statement of Dr. Charles King	57

MOLDOVA: ARE THE RUSSIAN TROOPS REALLY LEAVING?

TUESDAY, SEPTEMBER 25, 2001

COMMISSION ON SECURITY AND COOPERATION IN EUROPE,
WASHINGTON, DC

The Commission met in room 334, Cannon House Office Building, Washington, DC, at 2:00 p.m., the Hon. Christopher H. Smith, Co-Chairman, presiding.

Commissioners present: Hon. Christopher H. Smith, Co-Chairman; Hon. Joseph R. Pitts; Hon. Zach Wamp; Hon. Robert Aderholt; and Hon. Alcee Hastings.

Witnesses present: Steven Pifer, Deputy Assistant Secretary of State, Bureau of European and Eurasian Affairs, U.S. Department of State; H.E. Ceslav Ciobanu, Ambassador of the Republic of Moldova to the United States; Dr. Kimmo Kiljunen, Member of the Parliament of Finland and Chairman of the OSCE Parliamentary Assembly's Working Group on Moldova; Amb. William Hill, Head of the OSCE Mission to Moldova; and Dr. Charles King, Assistant Professor, School of Foreign Service and Department of Government at Georgetown University

OPENING STATEMENT OF HON. CHRISTOPHER H. SMITH, CO-CHAIRMAN, COMMISSION ON SECURITY AND COOPERATION IN EUROPE

Mr. SMITH. The hearing will come order.

Ladies and gentlemen, distinguished guests, and Members of the Commission, on behalf of Chairman Ben Nighthorse Campbell and myself, I would like to welcome you to this hearing of the Commission on Security and Cooperation in Europe on developments in Moldova with specific focus on the Transdnistria region and the projected withdrawal of Russian military forces and equipment from Moldova.

The mandate of the Commission is to monitor and to encourage compliance with the provisions of the Helsinki Accords and successive documents of the Organization on Security and Cooperation in Europe [OSCE].

President Bush has called upon us to return to our normal lives. This is, obviously, difficult. Many of us here in Washington, New York, New Jersey, and throughout the nation are grieving the loss of loved ones and friends. In fact, my wife and I spent this past weekend meeting with families who had lost loved ones in the World Trade Center. We finished with a very moving tribute and a night of remembrance at Liberty State Park. The event was held almost simultaneously with the one being held at Yankee Stadium. Meeting more of the families who have lost loved ones in or at the World Trade Center was really a moving experience.

When Ray Charles finished with “God Bless America,” I do not think there was a dry eye at that gathering. It was very moving. We heard important and compelling statements from clerics, including a Muslim leader who spoke out and prayed for all of those who had lost their lives. So it was a very moving experience.

Nevertheless, there are other situations that continue and many other challenges which need to be addressed. This hearing, like our other hearings, will contribute to the good work of the Commission, with an emphasis on terrorism, but also with ongoing emphasis maintained on a myriad of other issues, including the topic that we address today.

Against the backdrop of the deadly struggle between civilized society and barbarity, and in keeping with the Commission’s mandate, we can benefit by devoting a little time to those nations and international organizations that seek to resolve contentious issues through negotiation and the rejection of violence.

One such situation that may be moving from violent confrontation to peaceful resolution concerns the Republic of Moldova, which has faced both a succession of crisis for almost 10 years and the presence of foreign troops upon its soil.

A former Soviet Republic, Moldova became independent in 1991 when the Soviet Union collapsed. However, while Moldova was establishing its own independence, it faced a secessionist movement by the old-line, pro-Soviet leadership of Transdniestria, a small section of Moldovan territory. Meanwhile, the remnants of the Soviet 14th Army remained stationed in Transdniestria.

Some elements of this army reportedly helped the secession movement solidify its position during the bloody confrontation with Moldovan forces in the summer of 1992. Right now, about 2,500 Russian troops remain in Transdniestria, down from an earlier strength of about 15,000, as well as significant caches of armaments and ammunition.

Within the OSCE, the question of the withdrawal of Russian forces from Moldova and the Transdniestria conflict have been long-term concerns since 1993. An OSCE diplomatic mission has been working in Moldova to secure a lasting political settlement to the Transdniestria conflict and, among other things, to encourage the implementation of an agreement on the complete withdrawal of foreign troops from the country.

The communiqués of both the 1994 Budapest OSCE Summit and the 1996 Lisbon OSCE Ministerial Council called for “an early, orderly, and complete withdrawal of the Russian troops.”

Furthermore, the OSCE Parliamentary Assembly has, on several occasions, called for the withdrawal of Russian military forces from Moldova.

Last year our colleagues in the OSCE Parliamentary Assembly initiated a Moldova Working Group to address the Transdniestria conflict. At the past two annual meetings of the Assembly, resolutions were passed calling for a settlement of the conflict. However, the issue of Transdniestria’s political status within Moldova continues to be a contentious one.

Meanwhile, as part of the 1999 Istanbul OSCE Summit document, the Russian Government agreed to withdraw its armed forces from Moldova by the end of 2002. Under the 1999 provisions of the Treaty on

Conventional Armed Forces in Europe (CFE), the military armaments and equipment are supposed to be removed or destroyed by the end of this year.

As last reported, they have made considerable progress, and we certainly hope that the Russian Government will meet the December 31, 2001, deadline for destruction or removal of its combat weaponry.

Incidentally, the authorities of the Transdnistria region have ferociously protested the implementation of these agreements. Nevertheless, the planned destruction of Russian tanks and armed vehicles is continuing.

I would also note that several participating States of the OSCE, including the United States, are contributing financially to an OSCE voluntary fund to assist the process of weapon destruction or withdrawal. In short, it appears that while there is positive movement on the withdrawal of the Russian military, the status of Transdnistria within the sovereign nation of Moldova is still very unclear.

Our guests today are uniquely qualified to provide for us the latest information regarding these matters. Ambassador Steven Pifer is the Deputy Assistant Secretary at the European and Eurasian Bureau of the U.S. Department of State. Prior to this assignment, Ambassador Pifer served as U.S. Ambassador to Ukraine. He has also served at our embassies in Moscow, Warsaw, and London, and was Senior Director for Russia, Ukraine, and Eurasia at the National Security Council from 1994 to 1997.

Before moving on to our other distinguished witnesses, whom I will introduce as they come to the witness table, I would like to recognize my good friend and colleague from Florida, Commissioner Alcee Hastings.

Mr. HASTINGS. Mr. Chairman, I ask unanimous consent that Mr. Hoyer's full statement be made a part of the record.

Mr. SMITH. Without objection, his statement will be a part of the record.

**OPENING STATEMENT OF HON. ALCEE HASTINGS,
COMMISSIONER, COMMISSION ON SECURITY
AND COOPERATION IN EUROPE**

Mr. HASTINGS. Thank you very much, Mr. Chairman. I will be very brief. You've covered it more than adequately.

I look forward to hearing from our distinguished witnesses. I beg your and our witnesses' indulgences. In light of ongoing circumstances, I will be required to leave a little early from this hearing, most regrettably, to advance some legislation that I am offering today. Nevertheless, I would be terribly remiss, Mr. Chairman, if I did not recognize, as you have already, Mr. Pifer's presence and the fact that we will hear from him.

I also look forward to hearing the testimony of our other distinguished witnesses, two of whom I have had the good pleasure of working with on a regular basis: Ambassador William Hill and our good friend from the Organization for Security and Cooperation in Europe Parliamentary Assembly, Dr. Kimmo Kiljunen.

Dr. Kiljunen has been more than immersed in Moldova and Transdnistria and their troubles, and has kept that issue before the Organization for Security and Cooperation in Europe with regularity and with clarity. I personally appreciate his coming here today, as I do the efforts of all of our witnesses at this terrible time of tragedy.

Mr. Chairman, as you have pointed out, I feel also that the 55 participating States in the OSCE are primed for assisting us in rooting out terrorism. I hope that, with Ambassador Pifer's good offices and others, we pursue that goal as I believe we are. This Administration has shown already its willingness to work with countries that it formerly would not have considered helpful to us at all. I, for one, along with Dr. Kiljunen, spent a week in Uzbekistan some years ago. Little did we know that Uzbekistan would become a player of immense significance for us in any military operation against terrorism.

So I welcome all of our witnesses, Mr. Chairman.

Thank you so very much, and other members of the Helsinki Commission, for holding this hearing despite the difficult times. It is in these kinds of times that we must hear from those who have information, not just as it pertains to Moldova, which is so critical, but for all of us who are involved in trying to eliminate scourges throughout all of humanity.

Thank you, Mr. Chairman.

Mr. SMITH. Thank you very much, Mr. Hastings.

Just for the record, I would note that the genesis of this hearing really came out of our Parliamentary Assembly Meeting in a conversation that Dr. Kiljunen and I had this past summer. He was talking about his pending mission—which was one of an ongoing and important site visit—to Moldova and a report that he would be submitting. When I suggested that the Commission could benefit from his insights and asked if he would be willing to come and testify, he graciously accepted. We look forward to hearing his testimony as well.

Mr. HASTINGS. Mr. Chairman, just a little bit of levity. I helped him get elected and he helped me get elected.

Mr. WAMP, do you have an opening statement? Walked in right on cue.

Mr. WAMP. No.

Mr. SMITH. Mr. Ambassador, please proceed.

**TESTIMONY OF STEVEN PIFER,
DEPUTY ASSISTANT SECRETARY OF STATE,
BUREAU OF EUROPEAN AND EURASIAN AFFAIRS,
U.S. DEPARTMENT OF STATE**

Mr. PIFER. Well, thank you, Mr. Chairman. I am pleased to have the opportunity to talk about Moldova and U.S. assessments of what is going on there.

I would like to comment very briefly on the tragedy of 2 weeks ago. We are working with most of the members of the OSCE. In broad terms we are receiving very good cooperation in the campaign against international terrorism.

I would also note that my colleagues and I were moved by the response we have seen in Moldova to this. President Voronin himself came to the Embassy to sign our condolences book. That has been mirrored by the expressions of sympathy that our embassy received from hundreds of everyday Moldovans at this tragedy.

With your permission, Mr. Chairman, I will submit a written statement for the record, but I would like to offer just a few brief comments.

Mr. SMITH. Without objection, your full statement will be made a part of the record.

Mr. PIFER. Thank you.

Moldova is a small country that presents an encouraging example of a state that is coping with very difficult circumstances, but generally trying to move in the right direction.

When we look at Moldova, we see a country that is doing well in terms of political reform. I distinguish Transdnistria here, but certainly Moldova has a good record on democracy and human rights. They have had five national elections, and each of these was judged free and fair.

While its economy is still very poor, Moldova has made some very good progress on key sectors in terms of privatization of the agricultural sector and privatization of the electric power sector. We are actually now beginning to see some results from that: last year, there was 1.9 percent growth in GDP and there is an expectation there will be further growth this year.

What is most important, President Voronin (and I think it is fair to say there was some trepidation at his election because he is a Communist) has committed himself to pursuing economic reforms and the privatization work that was launched by his predecessors.

On foreign and security policy, Moldova really has three main issues. The first issue is its outreach to Europe—its effort to embed itself and to join with European institutions. This is something that the American Government fully supports.

The second issue is that Moldova works very hard on maintaining a good relationship with Moscow for very understandable reasons.

The third issue is a set of foreign and security policy questions that really deal with Transdnistria, and I would break that down into three pieces.

First is the question of the elimination of Russian CFE Treaty-Limited Equipment in Moldova by the end of this year. I can go into detail in response to questions, but our sense is that they will meet that objective.

Second is the question of the Russians meeting their second Istanbul commitment, which is the withdrawal of all Russian forces by the end of 2002, and that includes the disposition of equipment that is not covered by the CFE Treaty and sizeable stocks of munitions. The Russians continue to tell us that they are intending to meet that commitment as well.

Then finally is the third question, which is I think the most difficult issue for Moldova's success: the resolution of the political dispute with Transdnistria. From our perspective we see an effort by Chisinau to offer a solution which would allow substantial autonomy for Transdnistria, however in the context of a single Moldovan state. But, unfortunately, we have not seen an adequate response by the Smirnov regime.

We are very supportive of the OSCE efforts to try to find a solution, and we try to be supportive also in terms of our efforts with the individual players.

I would just close by saying that it is America's hope to see Moldova develop along its current path toward a democratic market economy, that it will soon be able to resolve the question of reunification and that it can continue to integrate with Europe.

Thank you, Mr. Chairman. I would be happy to take questions.

Mr. SMITH. Thank you.

Mr. Hastings, do you have to leave soon? Did you want to go first?

Mr. HASTINGS. I will be here for another 30 minutes.

Mr. SMITH. Oh, great. Okay. Very good.

Mr. Ambassador, you have described in your statement the overall progress made in destroying or withdrawing CFE Treaty-limited equipment from Moldova up to the present. What do you believe are the greatest problems facing the withdrawal or destruction? Are those problems political, or are they logistical?

Mr. PIFER. Right. The Russians have set a month-by-month schedule for elimination of 364 pieces of Treaty-Limited Equipment. This includes tanks, armored combat vehicles and artillery pieces.

In June, July, and August they destroyed 64 pieces of those equipment. Although I cannot tell you exactly how far they are in terms of the destruction of the 93 pieces projected for September, my sense is they are well along on that. So, they are moving and they have schedules which will take them down to zero by the end of this year.

The main challenge so far appears political: that is the resistance of the Transdnistrian regime to the Russians' moving ahead with this. This includes an effort by the Transdnistrian authorities to arrest General Yevnevich, the commander of Russian forces in Transdnistria, when he began destruction of this equipment back in July.

Moscow itself made very clear—Defense Minister Ivanov himself spoke to this three days later—that General Yevnevich was proceeding on the basis of instructions from Moscow, and that this destruction would go forward in compliance with the commitments that the Russians undertook in Istanbul.

Mr. SMITH. I appreciate that.

As we've pointed out, the U.S. Government has contributed to the OSCE voluntary fund to assist in the destruction and withdrawal of those weapons. What else are we doing? How much have we contributed to that fund, and what are the unmet needs there? We are working on a Foreign Operations appropriations bill right now. What's needed?

Mr. PIFER. We have contributed at this point about \$300,000 to the voluntary fund, which has been used in terms of the destruction of Treaty-Limited Equipment. We do not yet have a full figure for what we might make available later on. The more difficult issue is the elimination of about 42,000 tons of ammunition—much of which dates back to World War II—stored in Transdnistria, primarily in one location. That ammunition needs to be eliminated, removed, or demilitarized by the end of 2001.

We are prepared to make some resources available, but we do not yet have a fixed figure for that.

Mr. SMITH. How extensive is our U.S. AID mission to Moldova?

Mr. PIFER. Right now, for this fiscal year we have about \$69 million in American assistance to Moldova. That breaks down: about \$18 million is food assistance programs under the Department of Agriculture; then there's about \$30 million that is run by AID as opposed to other agencies.

There are three areas of focus. One is post-privatization work in the agricultural sector where 90 percent of the collective farms have been broken up into private hands. We want to do things now like help to develop farm service centers so that there's a free market in terms of agricultural inputs to make those private farms a success. Second, we are doing work to continue in the privatization of the energy sector. Third, we have enacted exchange programs. We are trying to bring 300–400 Moldovans to the United States this year under various exchange programs.

Mr. SMITH. Last year we passed sweeping landmark legislation to try to rein in this horrific practice of trafficking in persons, mostly women, for forced prostitution. As you know, there are several aspects to the new law: beefed-up law enforcement here; trying to cooperate more with other governments and their law enforcement assets; but also trying to provide protection for the victims. How responsive has Moldova been to this growing problem? Many of the women, as we know, are trafficked out of Moldova into other European countries and the United States. Has Moldova been responsive to combating trafficking and also helping the victims?

Mr. PIFER. Mr. Chairman, you are correct that Moldova is a problem, not only as a source country but also as a transient country in the trafficking issue. We have worked over the last several years successfully to raise the awareness of the Moldovan Government about the problem, and we are now beginning to get some response in terms of their engagement with us, in terms of engagement with the Office of Democracy and Human Rights (ODIHR) on this issue. But also they have begun to change some of their domestic legislation. In fact, just two days ago they had the first indictment of two people for trafficking under new laws on trafficking.

The old laws provided for penalties of up to a year in prison. This new law, under which these two individuals have been indicted, provides for penalties of 5 to 25 years. So I think there is now a greater awareness on the part of the Moldovan Government, and they are trying to tackle this problem in a more serious way.

My suspicion is it probably will not be as fast as we would like. This, I think, is attributable not to a lack of will, but probably just a general problem of finding the resources within Moldova.

Mr. SMITH. That's very encouraging, because what we have tried—in fact, Alcee, Zach, and the U.S. delegation were again part of an effort at the OSCE PA Paris meeting, as we've done in previous years—to get our fellow parliamentarians to enact laws that are at least as good, if not better, than our own recently-enacted law on the issue. Some have stepped up to the plate, and others have been a bit tardy.

One of the mainstays of these new initiatives has to be to treat the women as victims. I will never forget when the OSCE PA meeting was held in St. Petersburg and we first offered a trafficking resolution. In our bilaterals with other parliamentarians, not with Moldovans, but with some of our other friends and allies in the OSCE, they treated the issue as if to say, "Oh, they're just prostitutes. Someone in that terrible lifestyle (or in this case a situation akin to slavery), deserves what they get." It was a very jaundiced view of human life, especially of women.

Hopefully, we can break through that prejudice and properly classify these individuals as victims.

Is Moldova, as far as you know, moving in that direction?

Mr. PIFER. I think there is some progress in that. What we have tried to do, again in our assistance program, is help with the establishment in Chisinau of a women's hotline center, which would be not only to aid women who are subject to violence, but also to be a resource for those who are victims.

The problem that you've outlined is one that you encounter not just in Moldova, but in other countries.

Mr. SMITH. The United States.

Mr. PIFER. Therefore trying to change the perception of the victims and help them be seen as victims is something at which we are going to have to work very hard.

Mr. SMITH. As I said earlier, we are going through the appropriations process for the trafficking initiative. As you may know, I was the prime sponsor of the Trafficking Victims Act and we're now at the point of appropriating the money for the projects.

When I offered the amendment to the foreign operations bill, which would provide \$30 million for trafficking, I heard from people within the State Department and on the Foreign Ops subcommittee staff that they would be unable to spend all the money that we were appropriating. I said, "Are you kidding?" The whole idea behind this legislation, if the program's not already on the shelf, was to put on our thinking caps and try to at least be creative. I think we could spend ten times that amount, given the number of victims.

Any help you can provide with respect to refuge centers for trafficking victims in Moldova and other countries, I would be most grateful. Italy is certainly leading the charge when it comes to providing safe havens for women. Some of those initiatives could be done with foreign aid money, and some of it could be done with indigenous money. But any help you can give us on that would certainly be appreciated.

Mr. PIFER. I will certainly take that back.

Mr. SMITH. That bill will soon be in conference. I have already heard from subcommittee staff that they do not think that State and AID could spend all of that money.

Mr. Hastings?

Mr. HASTINGS. Thank you very much, Mr. Chairman. Thank you, Ambassador Pifer, again.

The Chairman has covered a significant array of questions. While he was asking those questions, I briefly read your comments and Dr. Kiljunen's comments for the official record.

In Dr. Kiljunen's statement he asks a very germane question. I do not mean to advance against his remarks, he points out that Moldova, as poor as it is, has recently joined the Stability Pact for Southeastern Europe.

First, I would agree with him that the European Union has some exacting responsibilities in assisting Moldova. I agree with his observation, as well as that of the Chairman, that the impoverished condition of the country almost puts the lie to people wanting to sit down and talk about settlements—or at least makes it exceedingly difficult.

Nevertheless, Dr. Kiljunen asks us to consider how the United States could be helpful in furthering Moldova's involvement in the Stability Pact and in their overall redevelopment. I'm sure you've given a lot of thought to that. In your remarks, as I read them, you indicate that the United States is prepared to undertake some action. But would you flush that out a little bit for us?

That would be my only question, Mr. Chairman.

Mr. PIFER. Thank you.

Certainly from our perspective, the direction in which Moldova ought to be headed in its future—but also in terms of how we would like to see that part of Europe develop—We conceive of embedding Moldova in a range of European institutions: the Southeastern Europe Cooperation Center, the Stability Pact, European Cooperation Initiative, Partnership for Peace, The Euro-Atlantic Partnership Council. Moldova has set as its ultimate objective membership in the European Union.

To us, those are sensible goals. Seeing those sorts of links develop will help Moldova develop a stable democracy and a strong market economy. So we'd like to encourage that; that European orientation makes a lot of sense.

You are correct. The European Union has a major role to play in this area, so we try to work with them. We do this on the ground in Chişinău, but we also do this in Brussels. Our aim is to try to coordinate our efforts with theirs; as we manage our assistance program and set our priorities, we have a good idea what they're doing, so that our efforts do not overlap, and our work does not duplicate theirs, only to leave some areas unaddressed.

So, certainly we will continue in that effort so that we can make sure that the total commitment that comes from the United States and the European Union together is maximized in terms of its impact on Moldova.

Mr. HASTINGS. Thank you, Mr. Chairman.

Mr. SMITH. Thank you, Mr. Hastings.

Mr. WAMP.

Mr. WAMP. Thank you, Mr. Ambassador.

Give us the status report on the three or four dimensions of this withdrawal of military equipment from Transdniestria. What is the current state of play between Russia and those there relative to that equipment? As a follow-up to that, what can we expect regarding Russia with the possibility of peacekeeping troops or further involvement by Russia in that region?

Mr. PIFER. Yes, sir. Let me break that down into four pieces: the Treaty-Limited Equipment, troops, ammunition and small arms.

By everything that we have seen over the last 3 1/2 months, the Russians are moving aggressively on a schedule that will bring them down to zero tanks, armored combat vehicles and artillery by the end of the year, which is their CFE commitment made at Istanbul with regards to elimination of Treaty-Limited Equipment.

As I mentioned earlier, that has been done over the objection of Transdniestrian authorities. We understand there was actually some discussions between Moscow and Transdniestria. In effect, to placate some of the Transdniestrian concerns, the Russians forgave about \$100 million in gas debt that Transdniestria owed. Nevertheless, my sense is that over the last month and a half these weapons eliminations are moving forward, and it is our expectation at this point that by the end of the year, the Russians will have fulfilled that commitment.

The second and third items, troops ammunition and small arms, deal with the Istanbul commitment to have all Russian forces out by the end of the year 2002. There are about 2500 troops there. The big issue is the disposition of the ammunition, and technically that's going to be a complex issue.

It is our view the Russians have the commitment and the responsibility to either remove, destroy, or demilitarize that ammunition. But they will probably need some help. This may, in fact, be one reason we would look to Congress for help in terms of the voluntary fund—one way that we could help provide some funding to get rid of that ammunition.

The other problem which, I think, is germane is the question of small arms. There are probably around 25,000 Kalashnikov rifles and about 15,000 pistols. We want to make sure that those are eliminated and do not fall into the wrong hands. Our sense is that the Russians share that sense of priority. They realize that those small arms need to get special attention and hopefully will be eliminated early on.

As for peacekeeping, there was a suggestion made by Mr. Primakov when he was the Russian lead negotiator in the mediation effort a year ago, that the Russians might try to keep some of their troops in Transdniestria beyond December 2002 by recategorizing them as a stabilization force in the context of an OSCE mandate. Our view is that these are two distinct questions. The Russians have a commitment to have all forces out by the end of 2002. The question of whether there might be an OSCE force is a separate question. You would only really decide what the peacekeeping force would look like once you understood and saw the terms of a settlement and then you saw the respective OSCE mandate.

Again, what we have heard from the Russians over the last year is less reference to that idea that Primakov advanced. Presently we are not hearing this notion that they would simply convert some remnant of their current forces in Transdniestria into an OSCE stabilization force. Happily, that idea seems to be going away, and we do hear generally from the Russians that it is their intention to meet the commitment for withdrawal of forces by the end of 2002. It is something that we will be closely watching.

Mr. WAMP. One other question. What now is the State Department's attitude toward financial assistance to Moldova? I understand that former Foreign Minister Chernomaz had made a statement that much money had been wasted. What is our general attitude toward U.S. financial assistance to Moldova?

Mr. PIFER. When we look back at programs, generally we can always say, "Gee, could we have done this a little bit smarter or done that a little bit smarter?" But I look back at our financial assistance to Moldova, and I think we actually have a pretty good record.

Early on, one of our focuses was democratization. If you look at the record of Moldova, setting aside Transdniestria, they've had five national elections free and fair; they've had changes of government that have gone peacefully. This is a good record, and it is one of the brighter records among the states of the former Soviet Union.

We made, in a very focused way, a priority for our assistance privatizing the agricultural sector, which generates about 35 percent of Moldova gross domestic product. Today more than 90 percent of the collective farms have been broken up. Something like 700,000 individuals have been given land titles to individual land. So we have really helped create the basis there for a private sector in the most important part of the Moldovan economy.

Likewise, we have focused on the promotion of privatization in the electric power sector. In the last year, three of the five electric power distribution companies in Moldova have been privatized through an open tender process.

So, I think we have some success and we can say we are actually helping Moldova move along this course toward privatization and economic reform.

Mr. WAMP. Thank you, Mr. Chairman.

Mr. SMITH. Thank you, Mr. Wamp.

I have one final question, Ambassador Pifer. What is the assessment of the Department regarding terrorism or a lack of it in Moldova? What is the sense as to whether or not there are any connections to Iran, for example? Remember a few years ago there were concerns, whether they were real or imagined, of fighters perhaps being proffered for sale to Iran. What is the situation now?

Mr. PIFER. I'm going to address three points here.

First, we haven't seen hard evidence of connections to the international terrorist groups that are currently the focus of our concern in the coalition that the President is trying to build.

Second, we are mindful. That is one reason we encourage the Russians to focus on the destruction of the small arms and the ammunition, as we do not want to see them fall into the wrong hands. Actually, our sense is that the Russians probably share that goal. With Russians guarding the stocks of small arms, if those arms begin to get out one place, they might end up in Chechnya. The Russian military seems to be doing a good job on this.

The third point is there has been some concern regarding nonproliferation to states we view as state sponsors of terrorism. I would prefer not to go into detail in this setting. But there has been a particular entity over which we have recently raised concerns with the Moldovan Government. They seem to be moving very aggressively on that entity in a way that is responsive to our concerns.

Mr. SMITH. Ambassador Pifer, thank you very much for your testimony.

Any of my colleagues have any additional questions?

Some of our members will be here shortly. I know the gentleman from Pennsylvania, Joe Pitts, wants to ask some questions, so we would like to submit those for the record, if you could, and get back to us.

Mr. PIFER. I would be glad to, sir.

Mr. SMITH. Thank you so much.

Mr. PIFER. Thank you very much.

Mr. SMITH. Our next guest, His Excellency Ceslav Ciobanu, is the Ambassador of the Moldovan Republic to the United States. We are delighted to have him here.

Ambassador Ciobanu is an academic specializing in the field of economics who, prior to his posting here in Washington, was the Minister of Privatization and State Property for the Moldovan Government and First Deputy of the Foreign Ministry.

Mr. Ambassador, your full statement will be made a part of the record, but please proceed however you wish.

**TESTIMONY OF HIS EXCELLENCY CESLAV CIOBANU,
AMBASSADOR OF THE REPUBLIC OF MOLDOVA
TO THE UNITED STATES**

Amb. CIOBANU. Thank you very much.

Mr. Chairman, honorable Members of Congress, ladies and gentlemen, I would like to thank you for the opportunity to share some thoughts concerning the settlement of the situation in Transdniestria and the withdrawal of Russian troops and munitions from this region according to the OSCE.

We appreciate the attention paid by the Commission on Security and Cooperation Europe, and personally by its Co-Chairman, Rep. Christopher Smith, as well as by other Members of Congress to the developments in Moldova and their valid support in solving the Transdnies-trian problem.

Let me remind you that at the OSCE Parliamentary Assembly in July 2000 in Bucharest, two resolutions proposed by the U.S. Congressional Delegation were adopted on this matter, one of them calling for the release of Ilie Ilascu, a member of Moldovan Parliament at that time, and a political prisoner at the separatist region in Tiraspol. I'm pleased to report today that these efforts have paid off. Ilie Ilascu is finally free, although his colleagues remain hostages of the totalitarian regime in Tiraspol. Unfortunately, we cannot reveal significant progress in the settlement of the Transdnies-trian conflict. More than that, we have reached the critical limits of possible concessions on our part.

In the first place, the new Moldovan leadership, President Vladimir Voronin, resumed dialogue with the separatist leaders. He proposed a whole package of measures with a view of granting Transdnies-tria the status of a broad regional self-government but preserving the sovereignty and territory integrity of the Republic of Moldova. Chisinau made various concessions in matters of principle.

For instance, Transdnies-tria took full advantage of different trade and economic clauses granted to Moldova through its trade agreements with the United States and the European Union. What was our reward for all these unilateral concessions? Transdnies-tria's position became even tougher. The separatist leaders refused to attend meetings and negotiations, they even denied the Moldovan President entrance to the so-called "Transdnies-trian Moldovan Republic". They ignore all our efforts, the resolutions of international forums, insisting that there are two separate states, Moldova and Transdnies-tria. The separatists turned this region into a territory out of any control, into a land of illegal trafficking of human beings, alcohol, tobacco, drugs and firearms: anti-tank weapons, mortars and rocket launchers manufactured in Transdnies-tria and illegally marketed to hot spots in the former Soviet Union like Chechnya, the Balkans, rogue countries like Iran and Iraq, and falling into the hands of various terrorist groups.

The French newspaper *Le Monde* dedicated a special report to this threat in its issue on August 25.

One can affirm with certainty that separatism is a real threat to the international community, a generator of terrorism. We can overcome it only by joining our efforts.

To fight separatism, the leadership of my country recently introduced a range of strong measures, such as restrictions on traveling abroad for Transdnestrian leaders, replacement of the customs seal and other customs accessories in line with the WTO requirements. Moldova has recently become a member of this organization.

Vigorous control was established over exports. Moreover, one of the first pieces of legislation that will be examined by the Moldovan Parliament once it resumes its sittings on September 27 will be the law on combating terrorism. The government's actions toward securing its borders find support from the Russian Federation, with the exception of some forces within their State Duma; from Ukraine, which agreed in principle to set up joint control and customs points all along the Moldovan/Ukrainian border; as well as from the European Parliament and the U.S. Congress. Today's hearing is proof of it.

The settlement of the Transdnestria conflict would undoubtedly be facilitated by the withdrawal of Russian troops from our territory. According to the OSCE Istanbul signed decision of 1999, military equipment limited by the CFE Treaty is to be withdrawn or scrapped before the end of this year. The deadline for the complete withdrawal of Russian troops is the end of 2002.

The Russian Federation has shown the Review Conference on CFE Treaty in Vienna its political will to go forward with the withdrawal and scrapping of its military equipment. Today we can state with satisfaction that despite separatist resistance, the process of scrapping has started. So far, 120 units of heavy equipment were dismantled, including 43 tanks, 20 armored vehicles, and more than 50 communication sets. I believe we will hear more details about this from Ambassador Hill, the head of OSCE Mission to Moldova, whose special contribution to the starting and carrying out of this process is very important.

In conclusion, I would like to make just a few important points.

The settlement of the conflict and the withdrawal of foreign troops from Transdnestria could create a very important precedent of solving sensitive problems of this kind. This would be an important success for the OSCE for all those who backup the common efforts of the Government of Moldova and the governments of the mediator states, Russia and Ukraine. This is why we are asking for the continuous political support, political and financial support from the U.S. Congress and the Administration. We think this support would be in line with the creation of a broad alliance to fight international terrorists. Moldova, as President Vladimir Voronin declared, fully supports this initiative of the President of the United States.

The withdrawal of Russian troops and munitions will speed up the political and economic reintegration of the eastern regions to Moldova and date the statehood and sovereignty of our country. At the same time this will aid promotion of economic reforms and democratic principles in Transdnestria as well, using the experience that the Republic of Moldova has gathered in its 10 years of independence.

I would like to mention just one such successful program carried out in Moldova with U.S. assistance: the reforms in agriculture, the land privatization and collective farm restructuring. Although it may seem that these reforms are far off the subject of our discussion, they are a very important element for a country where 50 percent of the economy and 60 percent of the population are rurally-based. Now Moldova is a regional leader in promoting reforms in agriculture; 94 percent of culti-

vated land is privatized, and 98 percent of the new farmers have already received titled property over the land—property titles. They benefit from the assistance provided by several well-known American companies, including for example, Citizens Network for Foreign Affairs, whose president is present at these hearings.

This has led to a gross of volume and productivity in agriculture of more than one-fourth in the last two years; thus, Moldova created in cooperation with the United States a very good precedent, a success story in the field of vital importance for countries like ours that involves people's everyday life. This is why I am asking myself now why do we not create another precedent? Another success story in another important field that concerns not only us, but also the whole region of eastern Europe.

Thank you, Mr. Chairman.

Mr. SMITH. Ambassador Ciobanu, thank you very much for your testimony. Again, your full statement which was very precise and covered more points, obviously, than you can do orally, will be made a part of the record. We thank you for it.

I would ask our additional witnesses if they could proceed to the witness table and present their testimonies. Then we will go to questioning.

It is a pleasure to see our colleague from the Finnish Parliament, Dr. Kimmo Kiljunen. Dr. Kiljunen is a member of the Foreign Affairs Committee of the Finnish Parliament with a deep involvement in international organizations. As Head of the OSCE Parliamentary Assembly Working Group on Moldova, he has been a dynamic leader in working for a solution to the Transdniestria dispute that would be mutually acceptable to both sides.

I would also note that he was recently in Belarus where he headed the OSCE PA delegation of election observers.

Our next witness is the OSCE's man on the spot in Moldova, Ambassador William Hill. A career Foreign Service officer with long experience in central and Eastern Europe, and OSCE negotiations, Ambassador Hill has been Head of the OSCE Mission in Moldova since June 1999.

From 1997 to 1998, he was Senior Advisor and Country Director of the Office for Russia, Ukraine and Eurasian at the Department of Defense.

Our final witness is a distinguished scholar on Moldova and South-eastern Europe, Dr. Charles King. Dr. King is Assistant Professor at the School of Foreign Service and the Department of Government at Georgetown University where he holds the University's Ion Ratiu Chair for Romanian Studies. His articles have been published in numerous, widely-read journals, and he has contributed opinion pieces to various newspapers.

Dr. Kiljunen, if you could begin?

**TESTIMONY OF DR. KIMMO KILJUNEN,
MEMBER OF THE PARLIAMENT OF FINLAND AND
CHAIRMAN OF THE OSCE PARLIAMENTARY ASSEMBLY'S
WORKING GROUP ON MOLDOVA**

Dr. KILJUNEN. Mr. Chairman, distinguished colleagues, I want to thank you, the U.S. Helsinki Commission, very much for organizing this hearing. I understand very much that at this moment particularly

you are confronting an immense catastrophe in your country. Obviously your attention, like ours, is focused on international terrorism more than anything else. Nevertheless, you are willing to organize this hearing on Moldova.

Strangely enough, one thing is uniting these two issues, and that is the OSCE concept of common security. Obviously that is the basis on which we should discuss the anti-terrorist operations together, but also as another issue we visit today is the Moldova.

As you mentioned, I'm a Member of the Finnish Parliament, and in my testimony you will see that reflected in my words. A small country in Europe, too. I'm particularly pleased by your words, but also Mr. Alcee Hastings, where he serves as a Vice President of the OSCE Parliamentary Assembly. We both got those posts in the last assembly. I appreciated your words also during this session we have here.

Nevertheless, I'm here because I chair the OSCE Parliamentary Assembly's Working Group on Moldova. In that working group we have five members from different countries: Finland, Canada, Lithuania, Slovenia and Sweden—all small countries which do not have a direct investment, or link, with the area of interest, although we obviously are cooperating with all other countries which have an interest in the terrain. Our closest partner is the OSCE Mission in Chisinau and, in particular, Ambassador Hill is an important collaborator for us.

Why are we interested in Moldova, a former small Soviet Republic country, 5 million inhabitants, the poorest country in Europe today, even poorer than Albania in terms of per capita income?

I do not know what the news is like in the United States—but any news heard in Finland about Moldova is about these terrible problems of human trafficking that you mentioned in your statement. I'm very pleased with your activities on the U.S. delegation within the OSCE Parliamentary Assembly that you have addressed those terrible developments in eastern European countries, particularly Moldova, which is related to women in forced prostitution, as you called it.

The history of Moldova is characterized by its location, its geographic, geo-political location between the East and West, just as Finland is located between the East and the West. At the beginning of the 18th century, Swedish kings were fighting confronting Russian Czars in Finland, as well as Moldova. Moldovans, obviously, are Romanians by their ethnic basis; two-thirds of the population are Romanians by ethnicity. Today there are also lots of Russians and Ukrainians.

The country was occupied by imperial Russia during the 19th century. Between WWI and WWII, Moldova was part of Romania. Then Stalin reclaimed and established on the east bank of Dniester River his own Moldovan Republic, today called Transdniestria. Obviously it is a creature of Stalinistic policy.

Just before WWII, through the Molotov-Ribbentrop Pact, Russia and Germany divided some countries of Eastern Europe. Five countries were assigned to the Russian sphere of interest: the Baltic States, Estonia, Lithuania, Latvia, Finland and this Bessarabia. Only one country, Finland, fought against this fate, and you know the history in those terms. Moldova Bessarabia was united with the Moldovans so the Republic was created. Of course, in 1991 when Soviet Union collapsed, Moldova gained its independence, but somewhat divided. Then we had the war.

Now we have a no war but no peace situation. The 14th Russian Army in Moldova made a peace enforcement operation, maybe that's how we call it today, and the stalemate has prevailed.

Negotiations have gone very well. Ambassador Hill is playing an important role, as are the Russians and Ukrainians in a similar way. Moldovans and Transdnistrians take part in the negotiations. And we can say now there is some momentum, and maybe, if I'm not wrong, maybe we can say this Transdnistrian issue is one easiest to solve, compared to the conflicts within the former Soviet Union between different separatist quasi-states. That's, obviously, some positive remark.

Mr. Chairman, as a Parliamentary Team, we haven't been negotiators. We haven't been mediators in the process, either. We have tried to contribute for parliamentary dialogue, political dialogue.

We have, obviously, also contributed for election observation. You mentioned my role in Belarus also as a special representative of OSCE, Chairman-in-Office. Unfortunately in Belarus I had to say that the elections didn't meet the international standards. In Moldova when I was heading this election observation mission, my conclusions were different. The elections in Moldova last spring were free and fair. That, obviously, tells that the democracy is somewhat maturing in the country and that we must invest on that when the country is investing in pluralistic tendencies.

As for our approach, there are four basic points which we have wanted to emphasize.

First, we recognize the independence, sovereignty and territorial integrity of Moldova. That's clearly a starting point.

Second, we see that there is no military solution to the problem. The only solution is peaceful and through negotiations, political processes.

Third, we have emphasized very strongly that the so-called Istanbul commitments of Russia to withdraw its troops from Moldovan territory, from Transdnistria particularly and in Transdnistria, obviously, should be fulfilled. We are pleased to seeing the developments on that one.

Fourth, we have emphasized a special status for Transdnistria should be defined. That's an important one.

We have, obviously, visited several times in the area. Several times. We have tried to also carry a cooperation way that politicians from both sides, from Moldova in Chisinau as well as Tiraspol, Transdnistria, could meet each other. We have organized seminars where they have been. Unfortunately, as you also very well know, in our Parliamentary Assembly Transdnistria didn't want to participate in the Moldovan delegation, as part of the Moldovan delegation. So they self-imposed an isolation which we regret. We hope that they will come to our Vienna meeting in February.

Nevertheless, we were successful in organizing in Helsinki last May a big international seminar, a parliamentary seminar where we had representatives, good representation, from Chisinau and from Tiraspol, as well as several other countries. There the basic tone was surely to emphasize the autonomy.

We understood, as you very well know, that in the time of globalization we frequently underestimate the potential of autonomy. We overestimate the sovereignty and independence as such. But we do not under-

stand the role of autonomy where obviously one is gaining by compromises. I think that is very important to recognize that to find a solution here is need to compromise.

We are very much welcoming the recent developments regarding Russian withdrawal of troops. You already heard some indications on that. Ambassador Hill will relate to that one further. We are very pleased that the Russians have taken seriously the withdrawal process and we regret that the Transdnistrians have organized as even protests against this process. We would like to emphasize strongly Transdnistrian leadership must not have any kind of weight or veto in this matter. This is clearly a process which the Russians should carry through.

My last remark relates to the economy. I'm very much distressed that, of course, the cornerstone of the Moldovan development in the future is in economic progress. We know that the country has huge problems. Alcee Hastings already referred to my idea also that Moldova has just joined Stability Pact for Southeastern Europe, which is an important step. We know the World Bank and IMF have been active in Moldova and the support of their role there. We emphasize also the role of the European Union in this regard, and I would like to ask you also as the United States to consider how to best way help the development of economic developments in the country.

My last remarks. Thank you very much, Mr. Chairman. I am pleased to be here and our Parliamentary Team will continue its work.

Thank you.

Mr. SMITH. Dr. Kiljunen, thank you very much for your testimony.

Before going to Ambassador Hill, we have been joined by Commissioner Robert Aderholt. Do you have any opening statement?

Mr. ADERHOLT. Not at this time.

Mr. SMITH. We are also joined by Commissioner Joe Pitts from Pennsylvania. Mr. Pitts?

**OPENING STATEMENT OF HON. JOSEPH R. PITTS,
COMMISSIONER, COMMISSION ON SECURITY
AND COOPERATION IN EUROPE**

Mr. PITTS. Thank you, Mr. Chairman. Thank you for holding this important hearing about Moldova and the current situation in the Transdnistria region.

I traveled to Moldova back in the 1980s and visited Tiraspol. Since that time I have worked with numerous NGOs in sending medical and humanitarian aid. I have constituents that travel to Moldova every year and host people from Moldova.

The people of the former Soviet Union suffered tremendously at the hands of hostile officials, including security officials. The presence of troops in that region is a constant reminder of that suffering and the possibility of more bloodshed.

So I would urge the Russian Government to uphold the October 21, 1994, agreement in terms of the withdrawal of the military formation of the Russian Federation temporarily located in the territory of the Republic of Moldova.

The people of Moldova deserve to be a part of the international community. For the sake of the Moldovan people, I would urge the Moldovan Government and the Russian officials in command to ensure that the situation is resolved peacefully so that the people can live without fear of further bloodshed and violence.

So, thank you very much, Mr. Chairman, for this important. I look forward to hearing the rest of the testimony.

Mr. SMITH. Thank you, Commissioner Pitts. Ambassador Hill?

**TESTIMONY OF AMB. WILLIAM HILL,
HEAD OF THE OSCE MISSION TO MOLDOVA**

Amb. HILL. Thank you very much, Mr. Chairman.

It is a particular honor for me to appear before you and the Commission. I have worked for more than 15 years with the Helsinki Commission and, in particular, Commission staff in Washington and in countless delegations to various CSCE and OSCE meetings around Europe, but this is the first time that I have had the honor and the opportunity to appear from this side of the table. It is, therefore, a particular personal pleasure to be able to do this.

I have submitted my thoughts on the topic and report on the topic in more formal terms in my prepared statement. I would like to emphasize just a couple of points.

First, I heard personally the events of September 11 while I was leading a seminar on peacekeeping and confidence building in Moldova and Transdnistria with delegations from Moldova, Transdnistria, Russia and Ukraine at the German American Marshal Center in Garmisch in Germany. The reaction of all of the parties there to the tragedy and in particular to the blow of all of us, was heartwarming in the sense that all of them immediately expressed condolences and willingness to work with us and support us in identifying those responsible and doing what was necessary to eliminate the scourge of terrorism.

It emphasized to me that despite the disputes and the deep divisions that have existed and do exist in the country, that there are things that unite all of us. There is, you know, amid the history and the conflict in the region, there is right now particular hope for the future.

Moldova: why are we paying attention to Moldova? You've heard several things. I would say Moldova is an area where the interests and influence of Russia, Ukraine and the West coincide, collide and perhaps conflict, although they do not have to conflict. But it has been a crossroads, an ethnically and linguistically mixed region historically. It continues to be that to this day. Finding stable solutions that work for all of the populations there and all of the peoples that neighbor upon it are a key to finding stability for the region and for Europe as a whole.

I would emphasize that in the recent past, in the past couple of years, things have changed in Moldova. The history still applies and people still remember the past, but what was a frozen conflict when I arrived at the OSCE Mission in Moldova in June of 1999 may no longer be a frozen conflict. There are opportunities there for resolution. There is a new government, a new president of Moldova who, in particular, has made great initiatives to seek solutions. The negotiations are still in flux and in process, but they are no longer locked as they once were.

The Russian withdrawal is also unfrozen and is working well. Thanks to the Istanbul Agreements, which for the first time set a deadline on the numerous historical pledges of the Russian forces to leave, and due to the assistance of OSCE states, in particular the United States the lack of resources, lack in particular of financial support, is no longer an excuse that can be used.

During the last eight months we have succeeded in finding a cooperative approach with the leadership of the Russian Federation in Moscow and with local Russian military authorities and the withdrawal of Russian troops and arms is proceeding now. It is proceeding fairly well.

The assistance to support the Russian withdrawal is funneled through the OSCE Mission in Moldova and is administered by the Mission with the Deputy Minister of Defense of the Russian Federation for Rear Echelon Logistic Supply. I am the other responsible party for operating the Voluntary Fund in making sure that it is properly applied and it is used for the purposes that it is intended to effect—this withdrawal.

We have successfully negotiated and applied procedures that involve inspection before and after the withdrawal or destruction of equipment or the withdrawal of troops. We have conducted already seven such inspections before and after. We have witnessed the withdrawal of some 50 train loads of dual use military equipment and the destruction of more than 100 pieces of TLE (Treaty-Limited Equipment).

I have a working schedule from the operative group of Russian forces and a good personal knowledge of how they're working. I would say, it is my opinion that barring some sort of calamity, the Russian Federation will fulfil its 2001 Istanbul deadline before the Bucharest Ministerial on December 3–4 of this year.

The overall Istanbul deadline of December 31, 2002 is going to be tougher to meet. There are 42,000 tons of ammunition plus other assorted equipment, and it is not going to be a small task to get this out. It is going to take time and it is not going to be cheap, but it can be done.

I have a large working group on ammunition with officials from the United States, Germany, France, The Netherlands, Russia and local representatives that is in the final stages of preparing a report and recommendations for eliminating the ammunition. We'll be reporting in Vienna on October 3. I look forward to having this starting soon.

Right now we are moving forward and I think we have good chances of completing the task. It is not yet a done deal. It is a work in progress and things could go wrong. However, things have changed, things have changed in Moldova, things have changed in the Russian Federation. I do not have time and this is not the place to explain all of the reasons for that, but it is not the same world that it was two years ago. Using the facilities, the willingness of the participating States of the OSCE and OSCE institutions we are on our way to identifying and implementing a win/win solution in Moldova that shows, I'm convinced, some of the best of what OSCE can do.

As I emphasize, this is still a work in progress. What we need most of all is continued attention and continued support from the participating States. The United States has been a leader in this.

As I said in my statement, I am the fourth Head of Mission from the United States. I will soon be succeeded by a fifth Head of Mission from the United States. American personnel and American money there have made a real difference. Attention like this hearing, visits to the area and other support is crucial to working out a solution that will advance not only our own interests, but the interests of others in the region and of the OSCE as a whole.

Thank you very much, Mr. Chairman.

Mr. SMITH. Ambassador Hill, thank you very much. And thank you for the extraordinarily good job you do.

Dr. King?

**TESTIMONY OF DR. CHARLES KING,
ASSISTANT PROFESSOR, SCHOOL OF FOREIGN SERVICE
AND DEPARTMENT OF GOVERNMENT,
GEORGETOWN UNIVERSITY**

Dr. KING. Thank you very much, Mr. Chairman.

Members of the Commission, it is an honor to be here today. Thank you very much for inviting me.

I have been following Moldovan affairs for more than a decade now, and it is interesting that many issues that we are talking about today have, in fact, been on the table for that entire period. That might not seem very encouraging. On the other hand, I think it does illustrate the degree of complexity in the case that we are dealing with.

Let me please just make four very brief points. I have a full statement, which I would like to submit for the record, with your permission, Mr. Chairman.

Mr. SMITH. Thank you.

Dr. KING. But four very brief points. First, it has to do with the reality of Transdnistriean statehood. We often speak of this place called the Dniester Moldovan Republic or Transdnistria if it were a kind of phantom state merely propped by the Russian Federation. It is not, in my opinion.

The fact is that over the last ten years the people of Transdnistria have gone about, with the support of the Russian Federation, building something like a functioning state, although it is one that lacks international recognition. It is armed forces are probably more sizeable than those of the recognized Republic of Moldova, even without the presence of those Russian troops there. It organizes elections, although they have never been monitored by objective external party. It has its own currency system, its own banking system. It even issued its own passports not too long ago.

In most areas it is, in fact, the net exporter of goods to the rest of Moldova. It is of considerable economic importance compared to the rest of Moldova itself.

Most crucially, Mr. Chairman, the children of Transdnistria have spent the last ten years in a separate educational system learning that, in fact, their homeland is a place called the Dniester Moldovan Republic, not the Republic of Moldova. Children who were not even born at the time that this conflict began are now almost teenagers. That makes this problem extremely serious, indeed.

In this sense, the withdrawal of Russian troops, I think, for many troops that we are talking about, especially of the officer corps, withdrawal actually means a tram ticket across Tiraspol. These are officers who at one stage over the last ten years were absorbed into the armed forces of the Transdnistriean Republic and, in fact, getting them out merely means, I think, getting them out of Russian uniform and perhaps into a Transdnistriean uniform. To my knowledge, that complex bit of this problem has yet to be addressed.

The second point has to do with the policies of the Russian Federation. I want to emphasize the plural here. There have, in fact, been "policies" of the Russian Federation depending upon which bit of the Russian Federation we are talking about.

The Foreign Ministry has had one set of policies. The various presidents have had another. The Duma has had yet another. The bottom line, however, over the last ten years has been I think to strengthen Transdniestrian statehood and, in fact, to make this problem even more complex than it would otherwise have been.

The third point is, perhaps, an unpleasant one, but I think it is one that is worth mentioning. The position of the Russian Federation is only part of the story of Transdniestria. Russia and the supporting policies of the Russian Federation toward this Transdniestrian state or statelet is often a useful foil, I think, for the Moldovan central government. There is, however, I think mounting evidence that over the last ten years powerful individuals within the Moldovan central government have also benefitted from the limbo status into which negotiations with the Dniester Republic have lapsed. There is a crucial connection, Mr. Chairman, between corruption in Moldova and the limbo status of Transdniestria.

Let me point to one example. According to Customs figures from the Moldovan Central Customs Office, in 1998 Transdniestria imported four times as many goods as the rest of Moldova as a whole. This is a piece of territory that accounts for only 17 percent of Moldova's population, only about 12 percent of the territory. Those imports were made with the full knowledge of the central government. For cigarettes, the figure was about 6,000 times as large.

So that means either one of two things to me as an outside observer. Either there are people within the central government benefitting from this, or secondly, the problem will resolve itself when everyone contracts lung cancer in Transdniestria.

The fourth point, and the final point I would like to make, Mr. Chairman, relates to the rise of a group that I call TAKO. It is an international organization that you won't find represented anywhere. It has no observer status with the United Nations. It has no secretariat, no headquarters, but it really does exist and it takes us a bit beyond the territory of Moldova to talk about a broader problem. That is the whole archipelago of statelets like Transdniestria that exists across Eurasia.

TAKO stands for Transdniestria, Abkhazia, Karabakh and South Ossetia. These are a whole set of unrecognized statelets that really do exist, have spent the last ten years shoring up their statehood and cooperate with each other. There have been meetings of the presidents of each of these quasi-independent statelets. They cooperate in military terms. They even coordinate their negotiating positions in talks with central governments sponsored either by the United Nations or the OSCE.

So I think in conclusion, trying to deal with the fact that we are now talking about the integration of two functionally separate economies, separate armies and most problematically separate societies is what makes this problem, I think, the most serious. Quite apart from the question of troop withdrawal.

Thank you.

Mr. SMITH. Thank you very much, Doctor, for your testimony.

I will ask a couple of questions and then yield to my distinguished colleagues for any comments they might have.

All of you may want to respond to this in general or specific terms. Whenever there is a crisis like the terrorism crisis we are facing now, sometimes it becomes a pretext for putting other issues on hold or on

the back burner. One of the reasons we think this hearing is important is to counter this tendency. Ambassador Hill, you mentioned the continued attention, the continued support that is necessary. This Commission has focused on Moldova for many years, members and staff of the Commission have visited the country. Ambassador Ciobanu, you mentioned Rep. Curt Weldon in your statement. He is at the White House right now or he would be here participating in our proceedings as well. Mr. Weldon is very concerned, obviously, with what's going on there as well.

Many Members of Congress, from both sides of the aisle, care deeply about what happens in Moldova. Again, I would hope that the OSCE or the OSCE PA, or the Russians, do not look at this as a globalization effort to mobilize against terrorism as an indication that Moldova is of no further concern; or, put so far on the back burner that people do not respond effectively to what is happening. We are going to try to keep the focus on the country of Moldova from our Commission's point of view.

Ambassador Hill—or if any of you who would like to respond to this—the authorities in Transnistria have been vehement in their opposition to the withdrawal of military equipment claiming that they are entitled to a portion of it. Several alleged NGOs in Transnistria have staged public protests against the withdrawal. Do you think it is possible that elements in Transnistria could physically prevent the destruction of military equipment or ammunition? Is there a threat of some kind of action being taken, Mr. Ambassador?

Amb. HILL. Yes, Mr. Chairman, there is a threat and an ongoing difficulty. This is in particular why we choose certain actions to be done at certain places. Both the airfield and the railhead where equipment is loaded to leave Tiraspol and head out through Ukraine are accessible to the public and they could be closed off by troops, but only with great difficulty. There is a real possibility.

The Transnistrian authorities do not get on well with the local command of the Russian forces, nor with a good portion, you know, certain representatives of the Russian Government. This is a constant problem that we deal with. I have spent a good part of my more than two years there arguing, going head to head with the Transnistrian leadership, cajoling them, threatening them, doing whatever else to try to get them to a position where they recognize that it is not in their interests, their long term interest to resist.

I think the basic aim of their resistance is to keep a Russian presence there, is they know the Russians won't leave and won't leave the arms unattended. Therefore, if they can keep the arms there, they'll keep the Russians there, and that serves as a de facto shield against possible attack from outside, whether from Moldova or from anywhere else. That, I believe is their fundamental calculation.

You hear many extraneous excuses, but that's what I think they are, is just a lot of talk to cover this fundamental reality. One of our foremost tasks has been to beat this down and show them that they have a legitimate way out, but that removing this weaponry is part of realization of a larger European security arrangement. If they have aspirations to join the rest of Europe, which they do, they have aspirations for foreign trade, they also have responsibilities and they'd better meet these responsibilities. It is a long process. It is a tough process. They do not agree. But I think we are safe.

I want to underline the problem that I perceive in Transdnistria with arms is not a leakage of Russian arms. It is local production, and that's a different issue. But the Russians, in my observation at least, do not want this stuff to escape onto the open market. They're as interested as we are in keeping it separate and keeping it secure. That's one of our big levers and our big pluses.

Mr. SMITH. Okay. Dr. Kiljunen, you mentioned the Parliamentary Assembly resolutions that we have been able to approve in the past. Do they have any impact on from your meetings with parliamentarians there and with the government officials? You know, we passed these declarations, which included good language on Transdnistria, at both Bucharest and again in Paris. Any impact?

Dr. KILJUNEN. Thank you very much for your question.

If you would allow me, I would like to react first to what you said earlier concerning the stability in Moldova and why we are interested in that.

I think that's exactly the common security I described earlier, and you also share in that. If you have an unstable country, wherever in the world, in Europe particularly, of course, that's reflected in the overall security situation in the continent. That's why we should show concern if you have an unstable country and now we, obviously, recognize that this Transdnistria problem as long it isn't solved, it creates instabilities. You mentioned the terrorism, obviously, is one of those elements there.

As for the resolutions, we have actually worked very carefully to try to find concerns within Parliamentary Assembly. As you very well remember, we have almost succeeded with the concerns. It was last year's concerns with Mr. Zhirinovskiy from Russia who voted against all other delegates from 55 participating States—actually they agreed. Because of that effort to find a consensus, I think this had the most impact for the political debates in Moldova we have carried through.

One element of the importance of our resolution is obviously the negatively one, which we were recognizing when the Transdnistrians didn't want to participate in the Moldovan delegation. Because that's obviously reflected that they didn't share the common view of us, and they didn't want to be part of the process of the Parliamentary Assembly working with these resolutions. So even with that type of negative attitude, that obviously witnesses that our work has carried weight.

If I'm open to you, actually when we have met the representative of the Supreme Soviet from Transdnistria, including the Chairman of the Supreme Soviet, Mr. Maracuta, the discussion with the parliamentarians has been somewhat more open. We have recognized that within Transdnistria there are also forces which are somewhat more willing to have a dialogue, a serious understanding, particularly on the concept of what it means that the integration of Moldova is recognized by the world community, and they should also work together within that entity.

The leadership of Transdnistria is somewhat opposing, and that division we have recognized, even in the terms that there has been strong promises from the Supreme Soviet side and Transdnistria to participate in our work, and just at the last minute they haven't appeared. So we have recognized that base and internal problem between integrating Transdnistria, too.

So when Dr. King mentioned the base of a common entity as Transdniestria, it also has pluralistic elements as every state has.

Mr. SMITH. I have several questions, but I only ask one more and then defer to my colleagues, Ambassador Ciobanu, you might want to start on this or respond first. Concerning the issue of trafficking, mostly trafficking of women and other vulnerable people, including children. As was pointed out by Ambassador Pifer earlier, there has been some progress to report in terms of upgrading the law. What is Moldova doing, especially with some focus on treating, helping, assisting, and safeguarding the victims?

Amb. CIOBANU. Thank you very much for this question. This is a difficult issue, a very difficult issue for us.

Quoting some statistics, up to 60 percent of all immigrants from Moldova represented young women. We understand the situation in our country is difficult, the economic situation and social situation. Our government under new leadership has issued a group of measures to resolve this problem.

First was established a government commission, special governmental commission to deal with these issues.

And second, special resolutions and modifications in our legislation were proposed. I'm very pleased to inform you that we did this job in strong cooperation with United States assistance.

The third measure, which is also very important, we need to initiate similarly some program in different areas, economic, and social areas, to provide some engagement, some jobs, some perspectives for these young women in Moldova. I can inform you that such programs also were started and we are working now with U.S. AID and some other organizations to the extension of such kind of programs.

But, again, a lot of things depend on the economic welfare of the people. That's why I mentioned in my remarks that it is very important to extend the program for economic recovery of Moldova, program for extension of democratic principles, social progress and etcetera.

Thank you.

Mr. SMITH. Yes, Ambassador Hill?

Amb. HILL. Mr. Chairman, thank you.

Yes, the Mission has been involved in a number of efforts that Moldova has taken in this. There's a nationwide coordinating commission that involves diplomatic missions, representatives of the Moldovan Government and legislature, NGOs that have undertaken a wide range of actions from helping to write the legislation. The amendment to the criminal code that actually wrote a definition of trafficking and then other legislation to bring it in line with the UN protocols, was done partly with the assistance of a \$50,000 U.S. grant to the Office for Democratic Institutions and Human Rights. There are other involvements.

We are involved with the appropriate ministries of law enforcement and agencies for enforcement and prevention efforts, and also with a number of NGOs for victim protection. We have a pretty good sense of whose working there, what they're working on.

Thank you for this, Mr. Chairman. I will go back and I will make sure that my colleagues in the Embassy know where to spend some of this money. Because I know some NGOs personally that are working with victim protection, and there are things that we can do there and the resources are welcome and sorely needed. I would look forward to trying to contribute to that.

Thank you.

Dr. KILJUNEN. Maybe I say only one word concerning our Parliamentary Team work. We haven't up to date so much focused on the economic development, neither on the human dimension. But we clearly decided, partly because of your contribution in the Parliamentary Assembly as the American delegation, partly obviously because the thing is becoming more and more evident that we will put that in our agenda very seriously. Next time when we go to Moldova, we would visit the IOM, which is dealing with the human trafficking problems in Moldova and addressing this question more openly than before.

Particularly I appreciate your contribution in this regard.

Thank you.

Mr. SMITH. Commissioner Wamp?

Mr. WAMP. Thank you.

I would like to think that the Helsinki Commission does good work abroad, but I'm constantly amazed how much we can learn as Members of Congress by holding these hearings here and particularly the panel that we have now with the four of you from four completely different viewpoints really give us a balanced presentation. It is gratifying to see you here.

I have three questions, and I'm going to spread around about basic American freedoms that we certainly would promote in Moldova.

Dr. King, tell us about the freedom of movement in Transdnistria and the rest of Moldova, and how that is progressing? You talked about the imbalance of economies between the two, but tell us about freedom of movement.

If Ambassador Hill would give us an update on religious freedom in Moldova. I know the ethnicity of the country with the Romanian descent may have an impact, but obviously since September 11 I pay a lot more attention to religion and the religious views of others around the world than I did before.

Then maybe, Dr. Kiljunen can you tell us about free elections, and particularly whether there will actually be a competitive election in Transdnistria in December?

Dr. King?

Dr. KING. Thank you very much.

On the freedom of movement, I would echo what some of the earlier speakers said about the really remarkable progress that Moldova has made in implementing freedoms across the board, that is Moldova outside Transdnistria.

I wrote the chapter for the Freedom House *Nations in Transit Study* this year. On most indicators Moldova was higher, I think, than in the year before. So we have seen overall positive progress on freedoms in general.

There is an irony to the question of freedom of movement across the border between Moldova and Transdnistria; and that is unlike in many other situations, in this case the more important you are, the less easy it is to move across the border. It has often been relatively easy for average Moldovans and average Transdnistrians to move back and forth to engage in commerce, whether it is selling fruit by the side of the road or even working back and forth. Even using Moldovan currency in Transdnistria.

The Transdniestrian authorities, however, have frequently obstructed the freedom of movement of Moldovan officials, even occasionally of OSCE officials moving back and forth across that border. Much of that, sometimes, concerns the actions of individual border guards more than it does with a concerted policy of the Transdniestrian Government, but even that has been an issue as well.

Mr. WAMP. Dr. Hill.

Amb. HILL. Yes, sir. On freedom of religion, the country—well, both sides—is overwhelmingly Eastern Orthodox. And basically administratively comes under the Russian Orthodox Church.

There used to be a much larger Jewish population at the beginning of the 20th century through the 20th century that's diminished considerably, lastly through immigration to Israel since the downfall of the Soviet Union.

There are a number of fairly small Protestant communities dotted on both the right and the left banks.

The major problem is politicalization of the church hierarchy and conflicts based on parties representing larger political sponsors from Russia, Ukraine or within Moldova. The politicalization within the hierarchy of the Orthodox Church, and in particular a reorganization of the Orthodox hierarchy now to mirror the political division within the country along the Dniestr River. The Orthodox Church within Moldova used to be divided on a line between the North and the South with both of them going across the river. Now it has been recently divided down the river with the Bishop of Tiraspol and Dubasar' clearly subservient to men working in the political interest of Transdniestrian authorities, perhaps with some outside encouragement from up North.

What outright persecution of religion we see is usually restriction upon the activity of the small independent churches, in particular there are a couple of protestant churches that have suffered restrictions and intimidation on the left bank. We have intervened on behalf of a couple of them. And the harassment or persecution has subsided.

There's also a political controversy with the case that's now before the European Court of Human Rights of the so-called Bessarabian Metropolitanate which seeks authority over the church on the right bank in Moldova. The authorities in Chisinau have refused to recognize this metropolitanate that's suing in the ECHR. The case should be heard later this fall.

At the risk of overgeneralizing, I would say it is a highly politicized dispute rather than one of basic abridgement of religious freedoms.

Dr. KILJUNEN. The question concerning that freedom of elections in Transdnistria particularly, I would like to divide my answer in two.

First, to reflect how the Transdnistrians participated in the Moldovan elections. Secondly, how the elections are organized within the Transdnistrian territory itself.

I was, obviously, observing the Moldovan parliamentary elections last spring, and of course including Transdnistrian and all 700,00 people who are living, adult people, in Transdnistria did have a right to vote and even participate in the elections in principle. In practice, that was not possible because authorities obstructed different ways in terms of the election campaign, in terms of even election day the Transdnistrians seriously to participate in elections. So it was only token, small token, of people from Transdnistria who really voted in the parliamentary elections of Moldova.

Now the question then concerning elections in Transdniestria itself. There were parliamentary elections in December last year. There is a plan to organize so called presidential elections in Transdniestria on December 9 of this year.

We didn't observe last year's parliamentary elections. There was no official observation made by the international community or by the Parliamentary Assembly because we do not recognize the state there. But as far as we understood, the elections showed the way also, let's say, opposition type of people or forces within the country felt vis-à-vis the leadership in the country.

How democratic it was is very difficult to say. We know the role the secret police plays in Transdniestria and, obviously, that creates an atmosphere of not fair elections.

Now, as for these presidential elections, we do have the self-styled leader, Mr. Smirnov, in Transdniestria who would like to continue as the president of the country. Now it is difficult to say whether there will be a countercandidate, anybody who would contest. We know some people in Transdniestria who would be very eligible and good candidates, but we know that they, because of their circumstances today, cannot actually stand as the candidates. So in those terms the fairness of the elections, presidential elections, that would take place in Transdniestria is in question.

If I use the formula in Belarus when observing the election of Mr. Lukashenko as the President of Belarus, I use the formula that maybe the elections in Belarus were somewhat free, because opposition was there, so putting up a candidate. Absolutely the elections were not fair because of the context or how it was organized.

I would use the same formula regarding to the potential elections in Transdniestria that maybe they are somewhat free because there are some oppositions, nevertheless they put up the candidates. But clearly the contest is not fair.

Mr. WAMP. Thank you, Mr. Chairman.

Mr. SMITH. Thank you very much.

Mr. Aderholt?

Mr. ADERHOLT. Thank you, Mr. Chairman. I just have a quick question.

Dr. Kiljunen, I would like to just ask you briefly about the president there in Moldova currently. I understand he was elected earlier this year. I understand that there are some limited powers that the president has, but he is probably the most powerful political figure in Moldova. Just on your observation, how he has been responding to the challenges that are facing the country and just some of your assessments.

Dr. KILJUNEN. Thank you very much. It is a very good question. I would like to answer not in terms of the president chosen, running as the president of the country, but in terms of the landslide victory for the Communists in the country, because obviously that is reflected in behalf of his politics, too.

Maybe to be here in the capital and making observation on any elections in any part of the world maybe the Moldovan elections this year, February this year, were the biggest Communist victory they have ever recorded in the world history in free and fair elections. They got more than 50 percent of the votes. As we observed it, the election, its basic

conditions, were free and fair. So it might in history be a record for Communists to win in fair and free elections more than 50 percent, maybe this has never happened before in the world.

Now it is very interesting the political agenda of Communists before the elections have been somewhat different when they got the power. They have recognized obviously the constraint of the economy, the constraint of the political system and they have recognized the pluralism existing in their country. So as for us I can see the pragmatic approach of President Voronin and the government in Moldova, we should all see that; that's an important element.

As for the solution of the problems we are addressing, there were strong promises during the election campaign that the economy will be a new momentum, that the sacrifices people have made in their social life will be over, etc. One cannot perform miracles on that field. That's clearly so everybody will know that economic progress is a long-standing process and you should work for a seriously long period.

But one thing where it is important to make a serious commitment and change in the country is the question of Transdniestria. Here I can see, ironically enough, that the victory and the change—and they have now a stable government, a stable majority in the parliament—has somewhat contributed to the solution of this Transdnestrian issue.

Also in terms of getting other countries that have a vested interest in the terrain to be, let's say, more interested in finding a solution in this regard. Here I'm making reference particularly to Russia. That in terms of Russia also, particularly which we can recognize in terms of the withdrawal process which has started seriously. This is a process which indicates that maybe in one year's time, and hopefully I'm right, in one year's time there will be a real breakthrough particularly in terms of this issue of Transdniestria. And obviously credit goes also to the Government of Moldova today. I would say it openly.

Mr. ADERHOLT. Thank you, Dr. Kiljunen.

Mr. Chairman, that's all I have.

Mr. SMITH. Thank you, Mr. Aderholt.

Mr. Pitts?

Mr. PITTS. Thank you, Mr. Chairman. I have several questions, and you can pick and choose. I will give them off to you.

First, do you think that a mutually acceptable settlement within the framework of international law is possible? If the Russian military leaves, do you think secessionist Transdniestria can survive politically and economically?

Two, some observers feel that Moscow is using the withdrawal tactic to gain concessions from the Moldovan Government in terms of the status of Transdniestria, possibly gain agreement to leave a small contingency. For years they have linked the withdrawal issue to the settlement of the Transdniestria conflict. Has Moscow reduced its insistence on such linkage? What is their position? Then lastly, what's the basic cause of the inability to come to a just conclusion in this dispute, if you can get to the basic cause?

Dr. Kiljunen, glad to see you again. We saw you over at the OSCE Parliamentary Assembly. You can start.

Dr. KILJUNEN. Thank you very much.

First, you put in a way that is there a potential for international settlement. Is there a credible process through which one can create it?

We had a seminar in Finland concerning Aaland Island. One should remember that in—I make a reference to this one, because it is interesting for you to hear also. In 1920, Aaland Island was a Swedish-speaking island, totally Swedish-speaking island belonging to Finland, in which is obviously a majority of people are Finnish speaking. They had a referendum on Aaland Island and 95 percent of the people voted for joining to Sweden. That created a crisis because the clear majority of the people wanted to leave Finland, which got independence, and a similar type of secessionism was there.

It was actually the first decision by League of Nations concerning an international settlement as regards to Aaland Island. The League of Nations ruled to keep the territory under the sovereignty of Finland, but with very strong autonomy. Demilitarized, its own as a whole and very strong autonomy for the terrain. I do not go into the details of the autonomy. Actually, the Moldovans and Transdnistrians who were in Aaland Island went to the details of the agreement and the guarantees the international community gave for that one. That obviously told when today after 80 years one discusses with Aaland Islanders, they say so marvelous, so marvelous the referendum of 1920 did not hold because now we would be a beneficiary of Stockholm only. Now we have an identity of ourselves and we, obviously, as part of Finland, nevertheless having a role which is different compared to being part of Sweden.

So in those terms, an international settlement solution is possible. They are possible, which gives a positive ground.

Now your question concerning withdrawal of Russia troops, is that crucial? I think it is a very crucial one in terms of creating political momentum. It is very clearly creating political momentum. You were asking are the Russians sincere in withdrawing totally their troops out of there? I do not want to speculate on the sincerity; that's not my task to do that one. Nevertheless, I obviously understand that if there will be an international solution organized for this conflict, obviously certain types of international guarantees are needed, maybe certain type of international participation in form of peacekeeping should be created.

OSCE can have a role here, and obviously I refer to our own resolution concerning the potential of utilizing OSCE's peacekeeping operation for this. Here we are obviously clear that in this type of OSCE peacekeeping operations, Russians could play a role. It is evident because of their—I hope also other countries will play a role too, but the Russians would play a role so they will also have their say in the process as part of the international community. I think that's the crux of the matter.

Then you were asking also the questions of what really is behind, why this conflict, why this issue. You know, the process of history as well as I do that the collapse of Soviet Union created very many strange situations and divisions, partly because of the past and the history of the past were reflected on the realities of today. That, unfortunately, created conflicts which were very unnecessary, as a matter of fact. As was said earlier, within Russia, too, because that was your question—there are different interests. Some of those interests may be played on the old game of—and that obviously were part of this process. But I trust also very much of the present leadership in Russia that they also understand both the international commitments as well as the need to create stability in the region. That's why I think that the leadership in Russia today is very strongly supporting the solution of these issues.

I see in every parliament, you know, there are different forces and that's also part of pluralistic society that those issues also have different types of tones. I hear it from Duma as we understand from the colleagues in Parliamentary Assembly, too, from Russian delegation. But principally it seems that Russia is also committed to the international solution of these. Thank you.

Mr. ADERHOLT. Thank you. Ambassador?

Amb. HILL. Well, as the chief negotiator, I would say a settlement—we already know the outlines of a settlement; we wrote one at an OSCE working meeting in Kiev in March of 2000. A complete settlement structure of executive, legislative and judiciary branches. Neither side has the political will right now to implement it, and there are powerful economic interests on both sides, as Dr. King has pointed out. For ten years they have gotten used to living one way and they fear what it might cost them if they went off to living another way.

The proximate cause of the secession was the fear of the elite on the left bank that they would lose influence and jobs because of the Moldovan language law adopted in 1989 that made knowledge passing a test in Romanian or Moldovan language with Latin script, a written test, mandatory within 5 years for any employees of a state enterprise, which meant every factory manager everywhere in the country. They left. Did they have the help and the encouragement, and active support of high officials in the Politburo, Soviet Politburo seeking to hold the Soviet Union together? You are darn right they did. The Soviet Union is gone now and Transdnistria has redefined its reason for seceding from Moldova. It is a case now of self-perpetuation and eradicating the mistrust that's left over from armed conflict and attack and counter attack from various sides.

My observation is that Russia as a whole is deeply divided on this issue. There are nationalists in Russia who remember that cities, the city of Tiraspol was founded by Suvorov in the time of Catherine the Great in 1792, consider it Russian land, the great Russian poet Pushkin served there in the 1820s. They considered that they should not have to leave. There are ethnic Romanians who feel the same way about this land having been torn from Romania during the formation of the Romanian National State in the 19th century. It is reconciling these conflicting aspirations.

The hopeful sign is that the people get along really well. Those of you who have traveled, if you've been to Nagorno-Karabakh, this is not like Armenians and Azerbaijanis. It is not like Russians and Chechens. It is a people, when I bring them together, they get along. If we can overcome some of the political and economic and institutional obstacles, we can probably put them together relatively quickly. Nonetheless, that having been said, they're not minor obstacles. It is hard to get people who have lived one way for ten years immediately to turn around and say that maybe they were wrong and take a chance.

With outside involvement and some international guarantees and assurance that we won't leave them alone in this process, I think we can do that sooner rather than later.

Mr. PITTS. Thank you. Dr. King?

Dr. KING. Perhaps I could address just two of those questions. First, can Transdnistria survive without the Russian Army? Yes, absolutely, but not without the Russian Federation.

In fact, I think the entire troop withdrawal is probably, and I think this is one of the things that, perhaps, has come out of the testimony today is what are the necessary conditions, but in no sense a sufficient condition to resolving this dispute?

Secondly, the cause, the basic cause of the conflict? I think the thing that caused it in the very beginning has very little to do with what perpetuates it, as Ambassador Hill was saying. The fact is that right now the status quo doesn't really hurt anyone enough to push them forward, I think, in serious negotiations. The Transdnistrians get a *de facto* independent country. The Moldovans, especially if one is, say a corrupt official within the Moldovan Customs Bureau, one gets a piece of one's own territory through which goods can be imported and exported outside the prying eyes of international observers or of the good elements of the Moldovan Government. The international community gets a dispute in which no one is dying, and therefore it does not normally attract the attention of outside observers.

So in the short term everyone perhaps benefits or at least is not sufficiently hurt by it. Over the longer term, I think though, this problem is cancerous. Transdnistria exports arms. Smirnov himself, the President of Transdnistria, has said some of those arms found their way to Kosovo and Macedonia. It is a route through which people are trafficked, as we have heard today and it fuels corruption and undermines democracy in Moldova, a state that has made very impressive strides on the democratic front over the last ten years.

Mr. PITTS. Thank you. Amb. Ciobanu, my good friend.

Amb. CIOBANU. Yes, thank you.

You see, when I'm thinking about why the Transdnistria conflict appeared, why the problem of separatism or secession appeared in Moldova. We lived for decades with our neighbors: Russians, Ukrainians, Jews and others.

It was a totally imperial interest which caused the conflict.

During the ten years of independence unfortunately—and also much happened in order to find some really reasonable solution. Finally last two years when it was obvious that the Transdnistrian separatist regime, one of the last totalitarian regime in this part of Europe, cannot survive without some assistance, let's say, with some cooperation with the military industrial complex of Russia or some other republic of the former Soviet Union. It was clear that the ammunition stockpiled in this region presented a threat not only for Moldova, but for the region. I think they stockpiled more ammunition in Transdnistria than in any other place in the world.

Finally, I think that due to the efforts of the Moldovan Government, supported by the international community, and the OSCE Mission and the Parliamentary Assembly, I think that we are now much more close to the successful solution of this problem. We are much more close to creating a good precedent not only for the region, but for other regions as well.

I agree with Mr. Kiljunen that we will probably some other new threats, probably Smirnov will invent some new obstacles, but it is very important to support Moldova and to provide assistance in this case. Because without such kind of assistance, we'll never resolve the problem. Thank you.

Mr. PITTS. Thank you very much. Thank you, Mr. Chairman.

Mr. SMITH. Thank you, Commissioner Pitts.

I would like to yield to a distinguished member of the staff, John Finerty, who has been a specialist on a number of countries including Russia and Moldova, and provides tremendous insight to Commissioners on both sides of the aisle. He's been on the Commission for at least two decades.

Mr. FINERTY. Thank you, Mr. Chairman.

I would like to direct my question to Dr. King, but anyone else can come in as they see fit.

Dr. King, in your written testimony you expressed the idea with regard to Transdniestria and the other TAKO states, as you call them, that this OSCE idea of territorial integrity has run a dead end, as you say. You particularly say that if Transdniestria were to be reintegrated back into Moldova, Moldova becomes the loser due to the nature of Transdniestria. So I guess the opposite of that is, as sometimes I have mentioned to my Moldovan friends, too, that if you were to say to Transdniestria, "Okay, go alone." All right. They would lose about 35 percent of their economic potential, but nevertheless say "This is not worth it." The implication from what you've said is that Moldova becomes a winner if it were to somehow divest itself of Transdniestria. I just wonder if you could take that thought a little bit further? What would be the advantageous or how would you see an independent Transdniestrian state and its relationship to Moldova?

Dr. KING. Thank you.

I'm not saying that Moldova should perhaps recognize Transdniestrian independence, although I have suggested to Moldovan policymakers that that might be a reasonable strategy to gain international attention by setting a particular date by which Moldova would recognize Transdniestria were international outside observers not to take more of an interest in this particular dispute.

I do not think that something like the recognition of any or all of the TAKO states is the way that one needs to go. This would do great violence to something that has been a cornerstone of peace and security in Europe, and that is at least nominally the idea of territorial integrity of existing states. However, I think that there is a whole set of issues that because they're so complex have not even gotten on the table yet.

We have been so focused on the issue of troop withdrawal, as if that is the only or even the most important issue to be dealt with in the Transdniestrian dispute. Frankly, I do not think it is.

How one reintegrates these two societies, they are fundamentally separate now. Two governmental structures that have spent the last ten years apart and most crucially, perhaps two military forces that have expressed no real desire to reintegrate. That is going to be the great challenge. It is something, in fact, that Moldova shares in common with Georgia and with Azerbaijan which have their own separatist disputes but have, I think, many parallels to the case of Moldova.

If you look at the various positions, the various entities within the Russian Federation, there has been some argument there for a kind of recognition or quasi-recognition of the realities on the ground, and that is the recognition of these quasi-independent states as perhaps fully independent ones or at last maximally autonomous entities within recognized states.

I think, again, there is a whole set of issues that must be addressed in the very near future before you get to any final peace settlement.

If I could just recall? If we cast our minds back to the set of documents signed between 1996 and 1998 with respect to Transdniestria, at each stage when those documents were signed, the recognition for example of a common state, the language used in a particular document, and others. The recognition of a synchronization between troop withdrawal and the granting of territorial status to Transdniestria. Each time those documents were signed, Reuters, AP, the French press and so on all reported that the Transdniestrian conflict had been resolved. In no sense had it been then, and I am doubtful that in fact even if 2002 is met, it will be resolved then.

Amb. HILL. Could I add one point first on the synchronization of a withdrawal and political settlement. The idea appears only once in any of the documents in the negotiation process since 1994. It is in the second article of the treaty between Moldova and the Russian Federation, signed in October of 1994 on the status and withdrawal of the Russian forces. The treaty was ratified by the Moldovan Parliament but it was never ratified by the State Duma and it was withdrawn in late 1995 or '96 after the election of the new Duma and the recognition by the Yeltsin government that the new Duma was substantially more nationalistic and would have rejected the treaty outright.

This idea has been raised individually by both independent and some individuals representing the Russian Federation, but they have never really advanced it seriously as a negotiating position of the Russian Federation, and it is increasingly less mentioned. It is basically a non-starter in terms of a conditionality and increasing recognized as such. I mean, here are other practical problems that have to be solved, but it is quite right that the main impediments to the negotiation of any political settlement go far beyond simply settling the presence of Russians troops. It has to do with the status and the degree of self-government that is accorded to the territories on the left bank.

The OSCE Mission after being there six months explicitly stated that contrary to some assertions from the right bank, there were real reasons for the Transdniestrian secession, other than the involvement of outside powers and that these reasons needed to be addressed before full settlement could be achieved.

Synchronization, it appears only once and it is there only once. The problem with the notion of a common state is that nobody knows what it is, and the Transdniestrians have actually interpreted it as an alliance of two states while the Moldovans continue to interpret it as reintegration into the unitary state as decreed by the Moldovan Constitution of 1994. It is a conceptual gap that needs to be bridged between the two sides, irrespective of whether there are Russians there or there aren't Russians there. Having Russians there, and especially troops, is a problem but it is only one problem.

Dr. KILJUNEN. As a politician, we usually try to simplify things. If you allow me, I try to simplify.

I agree with Dr. King's analysis concerning the separation of Transdniestria from Moldova in terms that the Soviet State separate political entity in Transdniestria. Government structures, obviously, are separated. Military structures are separated and in terms of economy, also there are separations. But as for saying that the society, we have really two separate societies, I am not so sure.

Being in Transdniestria and talking with the people there, one really recognizes that they feel very strongly that their identity is as part of Moldova; that it is a Moldovan identity which they carry. That's very important in terms of relatives, in terms of family relationships, etc. This, nevertheless, is a somewhat artificial division.

So I'm pretty sure that if the agreement will be made—and I'm simplifying now, if the agreement will be made that the transition to organizing territorial integrity of the country with it being real and also is not so difficult.

One issue is very crucial one. One issue particularly is very crucial one, and that is the unification of armies. I have several times referred to Africa—two countries where you did have the same problems of separation and then unification: Mozambique and Angola.

In Mozambique you created a process of unification and particularly were concerned that the armies are united. That's why MNR is part of the structures of the society, because they do not have their army and therefore it is still on the government side.

In Angola they had the same process of unification, but they never unify the armies and you still have the internal war in Angola going on. So one crucial thing clearly in these types of issues frequently is that you really also find a way of uniting the armies.

Mr. SMITH. I would like to thank our very distinguished witnesses. If you have anything further you would like to add for the record or any other submissions, please provide them to us in a timely fashion. I especially want to thank you for your expert testimony. It certainly helps our Commission do a better job, but especially to thank you for the great job you do on behalf of the Moldovans, trying to reconcile this very difficult situation.

We appreciate your insights. It certainly helps us. I mean, as I think it was Mr. Wamp pointed out earlier, you know, we always pick up new information and insights we didn't have walking in that room, and there were many to be picked up today, and I thank you sincerely.

The hearing is adjourned.

(Whereupon, at 4:15 p.m. the hearing was adjourned.)

APPENDICES**PREPARED STATEMENT OF
HON. BEN NIGHTHORSE CAMPBELL, CHAIRMAN,
COMMISSION ON SECURITY AND COOPERATION IN EUROPE**

Just two weeks ago today we experienced the worst terrorist attacks against our country. Since then I have received many expressions of solidarity from parliamentarians from throughout the vast OSCE region for which I am most grateful. These notes and letters are a timely reminder that the OSCE provides an important framework for fostering security based on the principles of democracy and human rights and promoting cooperation among the 55 participating States.

Today's hearing will focus on developments in Moldova, a nation where the OSCE has made a concerted effort to advance the aims of the Helsinki Final Act, including sovereign equality and territorial integrity. Concerns over the situation in Moldova have been expressed by the Heads of State or Government of the OSCE as far back as 1994. The OSCE Parliamentary Assembly has also provided important leadership on matters relating to Moldova.

These efforts appear to be bearing fruit and there seems to be the political will in Moscow to remove Russian troops, arm and ammunition from the Republic of Moldova. This development has direct implications for Russia's commitments under the Treaty on Conventional Armed Forces in Europe as well as Moldova's control of its territory.

It is good to see that progress has been made and we certainly hope it will continue. Obviously, a good deal more needs to be done, but the efforts made by all sides so far should be commended.

We hope that all interested parties will work conscientiously to bring a just and lasting solution to the long-standing Transdnistria conflict in keeping with OSCE principles and international law.

Today's panel is highly qualified to tell us about recent developments in Moldova and the prospects for a brighter future for the Moldovan people based on democracy, a market economy and respect for human rights.

It is a tribute to the importance of this issue that two of our guests have flown in from Europe to address the Commission. We look forward to their testimony and their recommendations.

**PREPARED STATEMENT OF HON. CHRISTOPHER H. SMITH,
CO-CHAIRMAN, COMMISSION ON SECURITY
AND COOPERATION IN EUROPE**

Ladies and gentleman, distinguished guests, and Members of the Commission, on behalf of Chairman Ben Nighthorse Campbell, welcome to this hearing of the Commission on Security and Cooperation in Europe on developments in Moldova, with a specific focus on the Transdnistria region and the projected withdrawal of Russian military forces and equipment from Moldova. The mandate of the Commission is to monitor and encourage compliance with the provisions of the Helsinki Accords and successive documents of the OSCE.

President Bush has called upon us to return to our normal lives. This is difficult. Many of us here in Washington, in New York, New Jersey, and throughout the nation are grieving the loss of loved ones and friends.

Against the backdrop of the deadly struggle between civilized society and barbarity, and in keeping with the Commission's mandate, we can benefit by devoting a little time to those nations and international organizations that seek to resolve contentious issues through negotiations and rejection of violence.

One such situation that may be moving from violent confrontation to peaceful resolution concerns the Republic of Moldova, which has faced both a secession crisis for almost 10 years and the presence of foreign troops upon its soil. A former Soviet "republic," Moldova became independent in 1991, when the Soviet Union collapsed. However, while Moldova was establishing its own independence, it faced a secessionist movement by the old-line, pro-Soviet leadership of "Transdnistria," a small section of Moldovan territory between the Dniestr River and Ukraine.

Meanwhile, remnants of the Soviet 14th Army remained stationed in Transdnistria. Some elements of this army reportedly helped the Transdnistrian secession movement solidify its position during a bloody confrontation with Moldovan forces in the summer of 1992. At present, there are still about 2,500 Russian troops in Transdnistria, down from an earlier strength of around 15,000, as well as significant caches of armaments and ammunition.

Within the Organization for Security and Cooperation in Europe (OSCE), the question of the withdrawal of Russian forces from Moldova and the Transdnistria conflict have been long-term concerns. Since 1993, an OSCE diplomatic mission has been working in Moldova with the aim of securing a lasting political settlement to the

Transdnistria conflict and, among other things, to "encourage the implementation of an agreement on the complete withdrawal of foreign troops from the country."

The communiqués of both the 1994 Budapest OSCE Summit and the 1996 Lisbon OSCE Ministerial Meeting called for an "early, orderly, and complete withdrawal of the Russian troops." Furthermore, the OSCE Parliamentary Assembly has on several occasions called for the withdrawal of Russian military forces from Moldova.

Last year our colleagues in the OSCE Parliamentary Assembly initiated a Moldova Working Group to address the Transdnistria conflict. At the past two annual meetings of the OSCE Parliamentary Assembly, resolutions were passed calling for a settlement of the Transdnistria conflict. However, the issue of Transdnistria's political status within Moldova continues to be a very contentious one.

Meanwhile, as part of the 1999 OSCE Istanbul Summit Document, the Russian Government agreed to withdraw its armed forces from Moldova by the end of 2002, and under the 1999 provisions of the Treaty on Conventional Armed Forces in Europe (CFE), the military armaments and equipment is supposed to be removed or destroyed by the end of this year. As last reported, considerable progress has been made, and we certainly hope that the Russian Government will meet the December 31 deadline for destruction or removal of its combat weaponry.

Incidentally, the authorities of the Transdniestria region have vociferously protested the implementation of these agreements. Nevertheless, the planned destruction of Russian tanks and armored vehicles is continuing. I would note also that several members of the OSCE, including the United States, are contributing financially to an OSCE Voluntary Fund to assist the process of weapon destruction or withdrawal.

In short, it appears that while there is positive movement on the withdrawal of the Russian military, the status of Transdniestria within the sovereign nation of Moldova is still very unclear.

Our guests today are uniquely qualified to provide the latest information regarding these matters.

Ambassador Steven Pifer is a Deputy Assistant Secretary at the European and Eurasian Bureau of the U.S. Department of State. Prior to this assignment, Ambassador Pifer served as U.S. Ambassador to Ukraine. He has also served at our embassies in Moscow, Warsaw, and London, and was Senior Director for Russia, Ukraine, and Eurasia at the National Security Council from 1994-1997.

Our next guest is His Excellency Cezar Ciobanu, Ambassador of the Moldovan Republic to the United States. Ambassador Ciobanu is an academic with a speciality in the field of economics who, prior to his posting here in Washington, was Minister of Privatization and State Property for the Moldovan Government and First Deputy Foreign Minister.

It is a pleasure to see again our colleague from the Finnish Parliament, Dr. Kimmo Kiljunen. Dr. Kiljunen is a member of the Foreign Affairs Committee of the Finnish Parliament, with a deep involvement in international organizations. As head of the OSCE Parliamentary Assembly Working Group on Moldova, Dr. Kiljunen has been a dynamic leader in working for a solution to the Transdniestria dispute that would be mutually acceptable to all sides. I would also note that he was recently in Belarus, where he headed the OSCE PA delegation of election observers.

Our next witness is the OSCE's "man on the spot" in Moldova, Ambassador William Hill. A Career Foreign Service officer with long experience in Central and Eastern Europe and OSCE negotiations, Ambassador Hill has been head of the OSCE mission in Moldova since June 1999. From 1997 to 1998, he was Senior Advisor and Country Director of the Office for Russia, Ukraine & Eurasia at the Department of Defense.

Our final witness is a distinguished scholar on Moldova and Southeastern Europe, Dr. Charles King. Dr. King is an assistant professor in the School of Foreign Service and the Department of Government at Georgetown University, where he also holds the university's Ion Ratiu Chair of Romanian Studies. His articles have been published in numerous widely-read journals, and he has contributed opinion pieces to major newspapers.

I look forward to the testimony of our witnesses today, and our Members will have questions following their presentations.

**PREPARED STATEMENT OF HON. STENY H. HOYER,
RANKING MEMBER, COMMISSION ON SECURITY
AND COOPERATION IN EUROPE**

Mr. Chairman, two weeks ago war was declared on the United States, its people, and indeed, the very concept of freedom and liberty here and around the world. Our nation is shocked and horrified by the disastrous events of September 11, 2001, but we are not shattered. As we mourn the victims and pray for their families and loved ones, we rebuild, regenerate and unite in our determination to seek out the perpetrators and punish them. We have declared war on terrorism.

Mr. Chairman, the words of the Helsinki Final Act—conceived more than two decades ago, in a different age, and in the reality of the Cold War east-west divide—ring true for us today. In the very first words of that document, the United States, Canada, the nations of Europe and the former Soviet Union committed themselves to “ensuring conditions in which our people can live in true and lasting peace, free from any threat to, or attempt against, their security.”

We pledged to work together, Mr. Chairman, “to establish peace, security and justice” throughout the OSCE region and recognized that this commitment “reflects the interest and aspirations of all peoples, and constitutes for each participating State a present and future responsibility, heightened by experience of the past.”

Mr. Chairman, the OSCE is composed of 55 participating States and covers an area of the globe ranging “from Vancouver to Vladivostok.” I believe it is imperative that we work with the OSCE to join the battle against terrorism—the greatest threat to our individual and collective security and to our most basic human rights and fundamental freedoms—as the Final Act dictates. I strongly urge the Commission to take a leadership role in this effort.

Mr. Chairman, today’s hearing focuses on the situation in Moldova, in particular the remaining Russian military presence there. Since its independence in 1991, Moldova and its people have struggled to establish the rule of law and build democratic institutions and a market economy. It has faced many challenges, not the least of which was the secessionist movement which has divided the country and isolated the Transdnistria region.

A sign of hope is the current withdrawal of Russian troops and the destruction of ordnance which the OSCE has urged and supported for many years. Hopefully this withdrawal will facilitate efforts to reunite Moldova and give its people the opportunity to build a thriving, democratic society.

I look forward to hearing the testimony of our distinguished panel of witnesses and want to welcome, in particular, my good friend from Finland, Dr. Kimmo Kiljunen, with whom I have worked in the OSCE Parliamentary Assembly. Dr. Kiljunen has been tireless in his work on behalf of the people of Moldova.

Thank you, Mr. Chairman.

**PREPARED STATEMENT OF HON. JOSEPH R. PITTS,
MEMBER, COMMISSION ON SECURITY
AND COOPERATION IN EUROPE**

Mr. Chairman, thank you for holding this important hearing about Moldova and the current situation in the Transdnistria region. I traveled to Moldova in January 1988 to visit Tiraspol and since that time have worked with various NGOs to send medical and other humanitarian aid to the Moldovan people. My constituents in Pennsylvania's 16th District travel to Moldova every year and host Moldovan delegations several times a year here in the United States.

The people of the former Soviet Union suffered tremendously at the hands of hostile officials, including security officials. The presence of the troops in this region is a constant reminder of that suffering and the possibility of more bloodshed.

I urge the Russian government to uphold the October 21, 1994 "Agreement on the status, modalities and the terms of the withdrawal of the military formations of the Russian Federation temporarily located on the territory of the Republic of Moldova." The people of Moldova deserve to be part of the international community. For the sake of the Moldovan people, I urge the Moldovan government and the Russian officials in command, to ensure that the situation is resolved peacefully so that the people can live without fear of further bloodshed and violence.

Thank you Mr. Chairman. I look forward to hearing from our distinguished witnesses.

**PREPARED STATEMENT OF STEVEN PIFER,
DEPUTY ASSISTANT SECRETARY OF STATE,
BUREAU OF EUROPEAN AND EURASIAN AFFAIRS,
DEPARTMENT OF STATE**

Mr. Chairman, I am pleased to appear before you today to discuss the Republic of Moldova. Moldova offers an encouraging picture of a state coping with difficult circumstances but nevertheless committed to responsible participation in Europe and the international community. Only ten years after the breakup of the Soviet Union, Moldova has made considerable progress in consolidating its nationhood and integrating into the broader community.

In general, Moldova's record with regard to political reform, democracy and human rights is impressive. Economics present a stark contrast of progressive reforms and serious problems. Regional security issues overshadow both political and economic developments, for Moldova remains a country divided by the secessionist regime in Transdnistria. Until this conflict is resolved and Moldova reunified, ultimate success in political and economic reform will remain elusive.

I would briefly note the sympathy expressed by Moldovans in the aftermath of the September 11 terrorist attacks in New York and the Pentagon. President Voronin himself visited our Embassy to express his condolences. In his kind message of condolence to President Bush, President Voronin called for all countries to unite their efforts in the fight against terrorism. We are grateful for this support.

POLITICAL CHANGE

Moldova's record on political reform, democracy, and human rights is one of the brighter among the states of the former Soviet Union. The February 25 parliamentary election that gave the Communist Party a large majority and paved the way for the election of President Voronin captured international attention because of who won. But the election was also noteworthy for the way in which it met international standards. The election was labeled by international observers as free and fair, and it produced peaceful change in government, is a welcome event in the former Soviet space.

Let me frankly admit that the U.S. Government greeted the Communist victory with some trepidation, given our hope for Moldova's development as a democratic, market economy. But the new authorities in Chisinau have affirmed their adherence to OSCE principles of democracy and human rights, and their performance to date has reflected this pledge. There are ways in which Moldova must continue to make progress, such as strengthening the independence of the judiciary and other aspects of civil society. We are assisting in that process by providing training for legal professionals and advice in drafting legislation. But it is fair to say that Moldova's actions make it a leader and example to others in the former Soviet Union.

ECONOMIC PERFORMANCE

Economic performance and reform give us a stark picture of contrasts. In some ways, Moldova is a leader here too. No other country in the former Soviet Union has so thoroughly privatized agricultural land. In this predominantly agricultural country, Moldova's most precious economic resource belongs to individual farmers, with a title of full

ownership. Moldova has an independent central bank and, largely for that reason, a sound and stable currency. A transparent privatization process put two-thirds of the electricity distribution network in the hands of a major Western company, virtually eliminating previously common power outages, and an independent regulatory agency is in place.

Yet the economy is still suffering from the Soviet legacy and there is dire need for continued growth and additional reform. Moldova is one of the poorest countries in Europe. The government's inability to generate sustained economic growth and share the benefits of that growth with the broader population largely explains the Communist victory of last February.

Today, however, the difficult but necessary reforms that Moldova has thus far enacted are beginning to bear some fruit. GDP grew by 1.9 percent in 2000. It is expected to grow five percent this year. To solidify and accelerate these gains, we believe that much work remains to be done in "post-privatization" in the agricultural sector, which we see as the engine for growth. We are ready to help create conditions for the newly-empowered private farmers to operate at a profit, for example by assisting Moldova to develop viable input supply and agricultural processing systems.

Here the intentions of President Voronin and the Communist Party are crucial, for that party opposed the economic reform steps undertaken by previous governments. The IMF and World Bank suspended their loan programs, pending clarification of the new government's economic policy. We, like other donors, are focussed on what the leadership does, not on its party label.

President Voronin and Prime Minister Tarlev state that they will continue the path of reform and privatization. Privatization of wineries and tobacco industries, in the pipeline for some months, must go forward. The IMF is considering resumption of its loan program, essential for Moldova to manage its external debt. Privatization of telecommunications should also go forward. In agriculture—Moldova's key economic sector—the government states that it wants to encourage cooperatives. This may be workable in developing a modern private agricultural sector, provided that the cooperatives are voluntary and do not indirectly restore the old, inefficient collective farms.

FOREIGN AND SECURITY POLICY

Moldova's foreign and security policy features a strong desire for European integration, good relations with Russia, and a high priority attached to resolving the Transdnistria conflict. The assumption of power by President Voronin and the Communists has not fundamentally altered these priorities.

In terms of outreach to the West, Moldova was already a member of the Southeast Europe Cooperative Initiative (SECI) and continues to participate in that useful framework. Moldova has joined the Southeast Europe Stability Pact and the World Trade Organization—both of these after President Voronin took office. Moldova is an active participant in Partnership for Peace, and we are working to help Moldova field a peacekeeping battalion. President Voronin and other leaders affirm their country's desire for eventual membership in the European Union. And while there were some initial questions about the new government's

intentions with regard to GUUAM, an association of former Soviet states exploring ways of cooperation, Moldova continues to participate actively in that body.

Close relations with Russia are another foreign policy priority. This is neither new nor unwelcome to the United States Government. We assume that Moldova will maintain close ties to Moscow. Russia is Moldova's largest trading partner, and such key Moldovan products as wine and cognac find most of their customers in Russia. The Russian minority, officially thirteen percent of the total, has an economic influence far beyond its numbers, and ethnic Ukrainians, officially fourteen percent, double the Slavic component of Moldovan society. Russian, already the "language of interethnic communication" before the Communists came to power, is the street language of Chisinau.

Russia recognizes Moldovan sovereignty and does not object to Moldova's desire for European integration. Two difficult issues, however, dominate Russian-Moldovan relations. The first is energy—specifically Moldova's debt to Gazprom, the Russian supplier of natural gas. Moldova's dependence upon Russia for natural gas, and the country's chronic inability to pay for these supplies, have created a broader dependence upon Russia and have generated recurrent high-level negotiations on the gas debt. The Moldovans understand that energy sector privatization and reform, producing full and current payment for energy imports, is the only way out of this problem. We are working closely with Moldova to help make this happen.

TRANSDNIESTRIA AND CFE

The second special issue is Transdniestria, which divides Moldova and where thousands of Russian troops and thousands of tons of Russian munitions are present. In addressing Transdniestrian secession, let me first emphasize that this is not one of Europe's ethnic conflicts. Moldovans constitute the largest ethnic group in Transdniestria, and there are many more Ukrainians and Russians in mainstream Moldova than there are in Transdniestria. Rather, a coterie of Sovietized elite under Igor Smirnov chose secession to preserve their corrupt system. No country recognizes the Transdniestria regime, which is distinguished by its lack of democracy and human rights and by uncontrolled trade, so that smuggling and trafficking flourish.

The questions of Russian military withdrawal from Moldova and reunification of the country are separate issues, but they frequently intersect, as in the Transdniestrian demand that the munitions really belong to them, and that no weaponry can be removed or eliminated without their permission. In principle, the issue of Russian withdrawal is solved: Russia agreed at the 1999 OSCE Summit in Istanbul to remove or destroy all CFE Treaty-limited equipment (TLE)—tanks, artillery and armored combat vehicles—by the end of 2001, and all forces and equipment by the end of 2002.

Russia consistently states that it will carry out these commitments. With regard to CFE TLE, despite Tiraspol's continued objections, Russia is moving forward with the withdrawal and destruction process. With financial assistance from the U.S. Government and other donors to a voluntary fund established by the OSCE to facilitate the Russian withdrawal, over 70 tanks and armored combat vehicles have already been verifiably destroyed—and the process observed by OSCE international teams, including CFE Treaty experts.

The Russians have established an aggressive schedule for destruction or withdrawal of tanks, artillery, and ACV's, which, if adhered to, will result in the destruction or withdrawal of 364 pieces of CFE Treaty-limited equipment, and fulfillment of the December 31, 2001 Istanbul deadline on schedule. OSCE Head of Mission Bill Hill can describe some of the challenges associated with this process so far, and the role U.S. assistance has played in achieving progress.

Concrete results have been more difficult to achieve regarding the second Istanbul Summit commitment—withdrawal of all Russian forces from Moldova by December 31, 2002. Since Istanbul, only one trainload of equipment has been withdrawn. The Russians blame the lack of progress on Transdniestrian obstructionism. But the fact is that this commitment is Russia's to fulfill. We have stressed this with Moscow. Through the OSCE, the United States and many other nations have offered to assist with the costs of Russian withdrawal. But we have consistently underscored that we expect Russia to meet its obligations, and urged them not to allow the regime in Tiraspol to exercise any veto over fulfillment of the international obligations undertaken by the Russian Federation.

In recent months there have been some positive steps, including the establishment of an OSCE-Transdniestrian-Russian expert group to develop technical options for the disposal (whether through reprocessing, destruction, or removal) of some 42,000 tons of Soviet-vintage munitions stored in the Transdniestrian region. OSCE has also worked with Russia to develop modalities for removal or elimination of more than 25,000 small arms. Safe destruction or removal from the region of these munitions and armaments is obviously a critical aspect of the Russian withdrawal, and the U.S. Government has again indicated a readiness to help with costs and technical assistance. Indeed, American experts are in Moldova right now. With Congress's continued support, we will continue to be prepared to assist in this important effort. In the end, however, this is Russia's commitment to fulfill.

THE TRANSDNIESTRIA PROBLEM

As we work with Russia and through the OSCE on removal of Russian forces, the process of negotiating a political solution to the conflict continues among Moldova, the Transdniestrian regime, and the mediators: OSCE, Russia and Ukraine. The United States is not a mediator, but works closely through the OSCE and is in direct contact with key governments to promote a solution.

This conflict is often labeled "intractable," but it should not be. There has not been any fighting between the two sides since 1992. The OSCE unanimously considers Moldova one country, does not recognize Transdniestrian secession, and seeks to promote reunification of the country through a political settlement.

The mediators and parties have discussed a political settlement providing substantial autonomy for Transdniestria—a feature that the Moldovan government has indicated that it is prepared to accept. Tiraspol however, has refused to engage in substantive negotiations. The Smirnov regime continues to insist that Transdniestria is an independent state and that it can only join Chisinau in some arrangement that will accord Tiraspol international legal status. The key task is to persuade Mr. Smirnov and his regime that their basic position is untenable. Russia is uniquely situated to make that point.

We will continue to work hard to promote an agreement that will reunify Moldova and to bring about the withdrawal of all foreign forces. We do not accept a situation in which part of Moldova fails to support democracy and human rights, rejects a market economy, and conducts non-transparent trade across uncontrolled borders. The U.S. Government's efforts are aimed at promoting reunification of Moldova and assisting it to move down the path of democratic and economic reform and to integrate with Europe.

Thank you.

**PREPARED STATEMENT OF
HIS EXCELLENCY CESLAV CIOBANU, AMBASSADOR OF THE
REPUBLIC OF MOLDOVA TO THE UNITED STATES**

I would like to begin by thanking, on behalf of the Government of my country, the U.S. Congress Commission on Security and Cooperation in Europe and its Co-Chairman, Representative Christopher Smith, for following with constant attention and interest the developments in the Republic of Moldova and for permanently supporting us in dealing with the difficult issue of the political settlement of the Transdniestrian conflict and withdrawal of Russian troops from Moldova.

We highly appreciate the efforts made by the international community, particularly by the OSCE and its Mission in Moldova, as well as personally by Ambassador Hill, in order to find a solution for the Transdniestrian problem and to implement the Istanbul Summit decisions on Moldova.

The Transdniestrian conflict is a major problem that the Republic of Moldova started facing even before proclaiming its independence on August 27, 1991. This political conflict is the main threat to Moldova's independence and security. It undermines our sovereignty and territorial integrity, obstructs our country's social and economic development, maintains a source of tension in our society, as well as in the whole region.

The separatist regime in Transdniestria is out of any control; it has created favorable conditions for all kinds of criminal activities, for money laundering, contraband, illicit trafficking of oil products, alcohol, tobacco, drugs, weapons. We can affirm with certitude that firearms manufactured in Transdniestria are marketed to some other states and transferred to various conflict zones, falling into the hands of criminal and terrorist groups. The well-known French newspaper "Le Monde" dedicated a special report to this threat in its issue of August 25.

We think it is fair to assert that separatism is a real threat to the international community and that it has a very negative impact on global security, very much like terrorism. In fact, separatism generates terrorism. Therefore, it is imperative for us to put together our efforts in combating this scourge.

The new Moldovan leadership that came to power after February 2001 elections set as its priority goal the settlement of the Transdniestrian conflict. President Vladimir Voronin issued a special decree on this matter on May 15, 2001, immediately after being sworn in as Head of the Moldovan State.

In the spring of 2001, after a break of more than one year, periodical meetings between Moldovan leadership and Transdniestrian leaders resumed, as well as the expert groups activity. The 4 meetings that took place so far between Vladimir Voronin and Igor Smirnov (April 9, May 16, June 20 and August 8) were aimed mainly at giving a new impetus to the negotiation process, by removing existing obstacles between the two banks of Dniester river and solving the most pressing problems that our population faces on a daily basis.

These efforts, backed up by the international community, were rewarded when political prisoner Ilie Ilascu, former member of Moldovan Parliament, now Romanian Senator, was finally set free by the separatist authorities. We highly appreciate the support from the American delegation led by Representative Christopher Smith, who proposed two resolutions on this subject, adopted by the OSCE Parliamentary As-

sembly in July 2000 in Bucharest. Moldovan Government will firmly pursue its efforts towards releasing the other three members of the so-called “Ilascu Group,” still imprisoned by Tiraspol.

We have to acknowledge, however, the lack of real progress in solving the conflict’s core problem that is to draw up a status for the Transdnestrian region while respecting the sovereignty and territorial integrity of the Republic of Moldova, as stated in the OSCE documents.

The negotiations over the status of Transdnestria did not go forward, because the two parties disagree on matters of principle and have an opposite understanding of the notion of “common state.” E. Primakov launched this formula of “common state” at a certain point allegedly aiming to clear the way for the negotiation process; but in reality it only created a greater confusion amid negotiators.

Chisinau pledges to offer Transdnestria a status of a broad regional self-government that would respect, however, the principle of sovereignty and territorial integrity of Moldova. But Tiraspol leaders insist on international recognition of the so-called “Transdnestrian Moldovan Republic” (“TMR”) and on creating a “common state” by bringing together two distinct and equal state entities on the principle of “association,” through the signing of a number of cooperation agreements in various fields.

In spite of these divergences, our position in the negotiations has always been and continues to be very flexible. One could see this from the documents we have agreed to sign, in which there are many unilateral concessions made by Chisinau in some matters of principle. For instance, Transdnestria took full advantage from different trade and economic clauses granted to Moldova through its trade agreements with the United States and the European Union. Chisinau gave Tiraspol authority on using Moldovan customs seal and other export marks.

The Chisinau’s concessions, which could be viewed as defining elements of the future special status, did not soften, however, the harsh and intransigent position of Tiraspol leaders. One of the most solid proofs of Smirnov’s intransigence is his persistence in requesting that the Moldovan Government “condemns the so-called Moldova act of aggression against the people of Transdnestria and pays compensations for damages inflicted to Transdnestria during the 1992 armed conflict”. To tolerate this approach would basically equal with an indirect admission that actions undertaken by Moldovan authorities in the spring and summer of 1992 in order to restore the constitutional order on the left bank of Dniester river were illegal. This would also mean that those who fought and died defending the sovereignty and territorial integrity of the Moldovan state are in fact perpetrators of “an aggression act” against the “Transdnestrian people”. Such an unfair and humiliating approach is totally inconceivable for us.

This is why we believe that Moldova has reached the limit of possible concessions trying to find a solution of the Transdnestrian problem without giving up its sovereignty and territorial integrity. But despite all the divergences, we are confident that there are real premises for making progress towards defining the status of the Transdnestrian region. This would call for a genuine political will from the mediator states—Russia and Ukraine—as well as from the whole OSCE community to renounce their policy of tolerance towards the secessionist Tiraspol regime.

Trying to make Tiraspol leaders adopt a more constructive and cooperative approach to negotiations over the status, Chisinau authorities recently initiated a range of restrictive political and economic actions. For instance, restrictions were introduced on traveling abroad for members of the so-called “Transdnestrian Moldovan Republic” administration (more than 70 persons); on August 16 the MFA sent to all diplomatic missions accredited in the Republic of Moldova a verbal note requesting not to issue visas to these persons. All diplomatic missions were also asked to refrain from direct contacts with Tiraspol officials without prior coordination with Moldovan authorities.

Starting from September 1, 2001, Moldovan Government introduced a new customs seal and other customs accessories, in line with the World Trade Organization requirements. Therefore Transdnestrian economic entities will have to process their export and import papers through Moldovan customs offices, but still without paying any fees to Moldovan budget. (In a shameless propagandistic move, Transdnestrians falsely accused Chisinau of not respecting previously reached agreements; in fact Tiraspol authorities did not honor their pledge to establish joint customs points on the Transdnestrian segment of the border with Ukraine, made in 1996 when the customs seal was handed over to them by Moldovan government).

Chisinau has carried out these actions in order to strengthen the control over the economy and foreign trade of Transdnestria that provides, mostly through contraband, financial support to the separatist regime. Therefore Moldovan actions are fully supported by the international community, including the United States, the European Union, OSCE, as well as—in principle—by the mediator states—Russia and Ukraine.

In line with these actions Moldovan authorities drew up a project aiming to strengthen the security of our country by reinforcing its Eastern border; our goal is to improve the border control, to amplify measures against organized crime, illegal migration, arms, drugs and human beings trafficking, etc. The U.S. and EU support this project, which is only at its beginnings.

In this context Moldovan government proposed to its Ukrainian counterpart to deploy joint customs and border control points all along Moldovan-Ukrainian border, including the Transdnestrian sector. Tiraspol separatists labeled Chisinau’s actions an “economic blockade” and used it as a pretext for suspending the political dialog. This shows once again that the secessionists’ real aim is to obtain international recognition of the “TMR” statehood while rejecting the idea of a broad autonomy status of the Transdnestrian region within the Republic of Moldova. Unfortunately, some influential forces within Russian Federation’s State Duma support Transdnestrian separatism.

We hope that our actions will eventually have a positive effect over the political settlement of Transdnestrian conflict, provided that the international community will continue to give them its crucial support.

We attach a particular importance to implementing the OSCE Istanbul Summit’s decisions (November 19, 1999) on the withdrawal of Russian troops from Moldova. According to these documents, Russia is to withdraw its military equipment limited by the provisions of the Treaty on Conventional Armed Forces in Europe (CFE Treaty) by the end of 2001, whereas the complete withdrawal of its troops should be completed before the end of 2002.

The withdrawal of Russian troops, whose presence on our territory is against our Constitution, would undoubtedly create more favorable conditions for a final settlement of the Transnistrian conflict, as well as contribute to consolidating peace and security in the region. We think that all the necessary conditions for the withdrawal exist, including substantial financial resources. We highly appreciate the willingness of several states, especially the generous contribution from the United States, to financially support the withdrawal of Russian troops, including through the OSCE Voluntary Fund created in accordance with the Istanbul decisions.

We hope that the signing of documents on the procedures of utilization of resources from OSCE Voluntary Fund to cover the costs of withdrawal of Russian troops, armament and military equipment (on May 24, 2001, the Head of OSCE Mission to Moldova, Ambassador Hill and Russian deputy Defense Minister, General Isakov exchanged letters of agreement), as well as of protocols on joint activities aimed at scraping armament, military equipment and munitions (signed by the representatives of OSCE Mission, the Russian Federation and Transnistrian region on June 15, 2001 in Tiraspol) will speed up the process of withdrawal/scraping of Russian armament from the region.

We are glad that during the Second Review Conference on the CFE Treaty held in Vienna this year on May 28–June 1, as well as afterwards, Russian Federation showed its political will to fulfill its commitments under the CFE Treaty taken at the Istanbul Summit, that is to withdraw/to scrap its for Treaty limited military equipment and armament before the end of 2001.

In this context, on June 15, 2001, in Tiraspol, representatives of Moldova, Russian Federation, OSCE Mission and Transnistria signed a “Protocol on joint activities aimed at scraping armament, military equipment and munitions”, providing that the parties will come up with a Plan of concrete actions on “scraping the armament, military equipment and munitions that are not to be withdrawn to Russia.” A group of international experts headed by General Aussedat is also involved in these projects. The deadline for a final report on the actions carried out in this respect is set for September 30, 2001.

This year in July Russian Federation begun the scraping of military equipment and armament belonging to the Operative Group of Russian Troops (OGRT) stationed in the Transnistrian region of Moldova. According to our data, 120 heavy units have been scraped so far, including 43 tanks (out of 118), 20 armored vehicles and more than 50 communication units. We welcome these encouraging developments and hope that before December 2001 this process will be ended.

As for the complete withdrawal of Russian troops from the territory of the Republic of Moldova in accordance with the Istanbul OSCE Summit decisions, there is still enough time for this objective to be achieved. However, in order to abide by the existing deadline (set for December 31, 2002), and taking into account the considerable amount of stock-piled munitions, including obsolete, it is absolutely necessary to proceed with concrete actions.

Solving these two major problems—the political settlement of the Transnistrian issue by defining the status of this region within the Republic of Moldova and the withdrawal/scraping of Russian armament and troops from our territory according to OSCE Istanbul Summit’s decisions—is the priority goal for Moldova. In achieving this goal we

count very much on the political and financial support from the United States. During the 10 years of our independence American assistance has proven to be the driving force for reforms and democratization in Moldova, for strengthening our independence and sovereignty. Our country took full advantage of more than 20 big American assistance projects, becoming a recognized leader in the region, especially in the field of reforms in agriculture, land privatization and restructuring of former collective farms. Today more than 94% of land in Moldova is privatized and 98% of new landowners have received their property titles. This has led to a growth of productivity in our agriculture by more than one fourth in the last two years. Help provided to our new farmers by our American partners (the Companies Citizens Network for Foreign Affairs, East-West Management Institute, Booze Allen, etc.) is extremely important for our country where 50% of the economy and 60% of the population are rural based. Extending this kind of assistance to the left bank of Dniester river could contribute to the reunification of our economic system. But unfortunately all the attempts to promote programs of reforms, democratization and protection of human rights in Transnistria are rejected by the separatist leaders desperately clinging to power in one of the last strongholds of totalitarianism in this part of the world.

I would like to thank the delegations of American congressmen led by Representative Curt Weldon (R., PA), who visited Moldova two times in the last years. I also like to take the opportunity of this hearing for addressing an invitation on behalf of the leadership of my country to the Honorable Christopher Smith and the members of the Helsinki Commission to visit Moldova in order to make their own impression about the real situation and the important role that U.S. Congress and the OSCE could play in solving once and forever the Transnistrian conflict.

**PREPARED STATEMENT OF DR. KIMMO KILJUNEN,
MEMBER OF THE PARLIAMENT OF FINLAND AND
CHAIRMAN OF THE OSCE PARLIAMENTARY ASSEMBLY'S
WORKING GROUP ON MOLDOVA**

I want to thank you, and the U.S. Helsinki Commission, for organizing this hearing. I take the hearing as an encouraging demonstration of the fact that Members of the U.S. Congress are interested in solving the crisis in Moldova and contributing to the efforts of the international community, the OSCE in particular, in this matter.

I have the honor to Chair the OSCE Parliamentary Assembly's Parliamentary Team on Moldova. This Team is composed of five Members of Parliament, representing Finland, Canada, Lithuania, Slovenia and Sweden. We have chosen countries, which are not directly linked to the conflict and which do not have any major interest in Moldova, apart from a peaceful political settlement. However, the Team is cooperating closely with all countries involved, such as Moldova, of course, but also Russia, Ukraine and Romania. Our closest cooperation partner is the OSCE Mission to Moldova.

Why has the OSCE PA established a Team composed of Parliamentarian? How can Members of Parliament, whose main responsibilities are at home in their National Parliament, help? To answer these questions, we need to define our role aims very clearly.

Mr. Chairman, Let me first say what we are not. We are not negotiators and we are not mediators. We must not try to do the work of the Governments or, for instance, the OSCE Mission. At the same time we must work closely with them. We must make sure that the OSCE has one policy only. We support and implement that policy as parliamentarians.

The one and half years of our activity have proven that there are areas where the Parliamentarians, as politicians, can make important contributions. Our main aim is to promote dialogue on the highest political level between all parties concerned. It is that highest political level, which, in the end, must take the necessary decision concerning a peaceful political settlement of the Transdniestrian conflict. It is obvious that at present there are far too little contacts and dialogue amongst the politicians. We are there to help.

The Parliamentary Team, naturally, shares the views and aims of the OSCE. We have spelled them out in our resolutions from the Annual Sessions in Bucharest in 2000 and Paris in 2001. I take this opportunity to thank the U.S. Members of the OSCE PA for their support during those Sessions. There is no need to repeat here our main principles in details, but let me briefly emphasize that we recognize the independence, sovereignty and territorial integrity of the Republic of Moldova within the borders of the former SSR of Moldova. We want to build on all previous agreements and commitments, including the Istanbul Summit Declaration where the Russian Federation committed itself to withdrawing all Russian forces from the territory of Moldova by the end of 2002. We also feel that the only way to reach a solution must be to rely on peaceful political means. Therefore leaders from both sides of the Dniester River must engage themselves in a dialogue and negotiations.

In accordance with our mandate, approved at the Standing Committee in February 2000, we have visited Chisinau and Tiraspol a few times. We have met with the highest leadership, including parliamentarians

and Government leaders, as well as major negotiators. My impression is that what is needed in Chisinau, is a better understanding and acceptance of the special circumstances in Transdnistria and the concerns of many inhabitants of that region. What is needed in Tiraspol is the acceptance of basic principles of a future solution—including territorial integrity of Moldova. At the same time, in particular in Tiraspol, one can see that behind the monolith facade there are different opinions and approaches. We should encourage those, who are more inclined to dialogue and compromise.

One of our aims is to assemble political leaders from both banks of the Dniester River round the same table with us, and probably others, to discuss real issues. So far our success has been limited. Both in Bucharest last year and in Paris this year we tried to have a united Delegation from Moldova, which would have included Members of both the Moldovan Parliament and the Transdnistrian Supreme Soviet. Moldovan Parliament would have agreed to this arrangement. In both occasions we had indications that also the Transdnistrians would have agreed. This would have been significant symbolically. It would also have been an opportunity for the Transdnistrians to attend an important international political forum, present their case and hear reactions of the international community. In both occasions the Transdnistrian cancelled their participation in the last minute, apparently under pressure from their local government. I hope that the Transdnistrian politicians would reconsider this self-imposed isolation. We might offer the next opportunity during our Winter Meeting in Vienna in February 2002.

We have, however, also had some success. We were able to organize in Helsinki and Maarianhamina, capital of the Åland Islands, which is an autonomous region in Finland, a “Seminar on Self-Government” in May 2001. This was exactly what we want: to have political leaders, including representatives of parliaments and government, seriously discussing a real issue. A political solution of the Transdnistrian conflict must include some kind of autonomous status for the Transdnistrian region. We were encouraged by the fact that leaders from Chisinau and Tiraspol, as well as high-level representatives from Russia, Ukraine, Romania, Finland, Sweden, Canada and Slovenia, as well as representatives of the OSCE and the Council of Europe, were willing and able to discuss the issue thoroughly and in length. Such discussions on various relevant issues need to be continued.

Mr. Chairman, In order to promote and maintain the political process in Moldova it is essential that the withdrawal of Russian forces from Transdnistria, in accordance with the Istanbul Summit Declaration, be finalized. Transdnistrian leadership must not have any kind veto in this matter. This is an issue, which we have emphasized to our Russian Members and friends. We need to continue doing so. The withdrawal would be an important step forward. A failure would undermine the whole process.

In the longer run it is essential to tackle the economic crisis in Moldova. Moldova is amongst the poorest in Europe. Poverty is not conducive to political settlements, and the absence of a political settlement hampers economic development of the country. Moldova has recently joined the Stability Pact for South Eastern Europe. Even if the Stability Pact has not yet proven particularly successful, joining it is a signal from the Moldovan Government of their interest to integrate to Europe. Such

integration needs to be supported. The European Union should support economic recovery of Moldova. I would ask you to consider how the United States could be helpful in this matter.

The solution of the Transdniestrian conflict would bring the Transdniestrian region out of its isolation and integrate it, already in the short run, to some European structures. These structures would include the OSCE, whose commitments would become relevant also in Transdniestria, and the Council of Europe, whose legally binding conventions, including the European Convention of Human Rights with its instruments, would have its effects across the entire territory of Moldova.

Mr. Chairman, Once again, I thank you for the opportunity to participate in this hearing. I want to ensure you that the OSCE Parliamentary Team on Moldova will continue to implement its mandate and promote political dialogue with and between political leaders in Moldova on both sides of Dniester. We will continue to do so in close cooperation with Ambassador William Hill and his OSCE Mission. We also count on the continuous support of the American Members of the OSCE PA.

**PREPARED STATEMENT OF AMBASSADOR WILLIAM HILL,
HEAD OF THE OSCE MISSION TO MOLDOVA**

Mr. Chairman, I wish to thank you and the members of the Commission on Security and Cooperation in Europe for the honor of appearing before you today. Since the OSCE Mission to Moldova opened in April, 1993, diplomats from the United States have served in Chisinau and Tiraspol as Mission Members. For the past six years the last four Heads of Mission have been Americans. Building on their efforts, and the efforts of colleagues in the Mission from all over Europe, the Mission has recently produced results that I believe demonstrate the promise of what the OSCE can achieve, in terms of both real cooperation and real security.

The Mission's mandate is first of all to facilitate negotiation of a political settlement to the short, bitter conflict in 1992 between Moldova and its Transdnistrian region on the left bank of the Dniestr River. The Mission is also mandated to follow military and security developments and to encourage the withdrawal of foreign troops and armaments. The Mission is further charged to assist in the process of democratic reforms and implementation of CSCE/OSCE commitments, in particular with respect to human rights. In December, 1999, following the OSCE Istanbul Summit, the Mission's mandate was expanded to include administration of an OSCE Voluntary Fund to support withdrawal of Russian troops, arms, and ammunition from the Transdnistrian region of the Republic of Moldova. The United States is the first and single largest donor to the Voluntary Fund.

Thus the basic aims of OSCE involvement in Moldova are conflict resolution and post-conflict rehabilitation. The consistent policy of OSCE participating states since 1992 has been support for the independence, sovereignty, and territorial integrity of Moldova. To achieve a peaceful settlement of the Transdnistrian conflict consistent with these policy goals, the OSCE Mission early in its existence recommended granting a special status to the Transdnistrian region, with a high degree of local self-government.

Why is achievement of these goals of interest to European states beyond the immediate region and to the United States? Moldova is sandwiched between two larger neighbors—Ukraine and Romania. Its population is ethnically mixed, with 65 percent Moldovan/Romanian speakers, almost 15 percent each of Russian and Ukrainian background, three percent Gagauz (originally Orthodox Christian Turks), and Bulgarian and Jewish minorities. For centuries the territory has been a crossroads, fought over by neighboring empires and great powers. Moldova might be compared with Switzerland or Belgium in the early stages of their history, with its population made up of co-nationals with various larger, more powerful neighbors. The best solution in such cases seems to be establishment of an independent, ethnically and linguistically mixed state, averting potential rivalry over the territory and population between larger neighboring powers.

The Transdnistrian conflict in Moldova to a considerable extent reflects a competition for influence among neighboring and regional powers. The conflict was not primarily ethnic, but the rulers and leaders on both sides of the Dniestr found ethnic and linguistic fears and aspirations useful in mobilizing their populations. Pro-Romanian sentiment dominated the independence movement in Chisinau in the late 1980s and early 1990s, reflected in particular in establishment of Moldovan/

Romanian in the Latin alphabet as the state language. The leaders in Tiraspol mobilized Russian speakers and pro-Russian and pro-Soviet elements to support their effort to establish a regime separate from Chisinau. The aim of the negotiating process since 1994, in which the OSCE Mission has played a major role, has been to work out an institutional relationship between the national government in Chisinau and local authorities on the left bank which could encompass the disparate linguistic, economic, ideological, and ethnic concerns of all parties.

With signature of the so-called "Moscow Memorandum" in 1997, negotiators thought a breakthrough had been achieved which would soon bring a settlement. These hopes soon faded, as the Moldovans and Transdnistrians gave very different interpretations to the provision of the Moscow Memorandum that the sides develop their relations within the framework of a "common state." The Moldovans understand this as reintegration of the Transdnistrian region into a unitary Moldovan state, with a status of broad autonomy. The Transdnistrians claim this means construction of a new state by two separate, equal state subjects. The negotiation process has tried to bridge this conceptual gap for over four years, with only limited success.

With the election in Moldova of a new Parliament and President in February and April of this year, negotiations between Chisinau and Tiraspol showed renewed promise. President Voronin compromised on several long-standing Transdnistrian requests on economic, administrative, and information issues. Transdnistrian leader Smirnov freed Moldovan legislator and former Popular Front leader Ilie Ilascu, although three of his colleagues still remain in jail. However, the atmosphere between the sides quickly deteriorated, as little progress proved possible on the key issue of Transdnistria's status. On September 1, Moldova introduced new customs stamps and seals, ending a five and one half year arrangement with Tiraspol sharing Moldovan customs documentation. Transdnistria failed to respond to earlier Moldovan offers to establish joint customs posts on the border with Ukraine. Tiraspol accuses Chisinau of imposing an economic blockade (which the Mission does not believe to be the case). I hope that in the days and weeks to come both sides will use the Moldovan action (which is linked both to WTO entry and anti-smuggling efforts) as an opportunity to take the first step toward creation of common economic institutions.

Over the past two years the OSCE Mission in Moldova has received significant support in its efforts to facilitate a political settlement from the OSCE Parliamentary Assembly. In January, 2000 the OSCE PA established a special Team on Moldova, headed by Finnish MP Kimmo Kiljunen. The Mission has worked closely with Mr. Kiljunen and his colleagues to facilitate contacts with and between parliamentarians on both sides of the Dniestr. The Team on Moldova has visited the country several times. Most recently the Team sponsored a seminar on self-government and autonomy in Finland and the Aaland Islands, in which the parliamentary leadership from both Chisinau and Tiraspol participated. The OSCE PA Team on Moldova has given me invaluable assistance in promoting contacts and negotiations not just between leaders of the executive branch on both sides, but between the legislatures and a broad range of citizens. As we overcome other obstacles, this will be extremely helpful in putting the country back together.

The other major concern that currently occupies much of the time and effort of the OSCE Mission to Moldova is the withdrawal of Russian troops remaining in Moldova's Transdnistrian region and disposal of the arms and equipment of the former 14th Army, now the Operative Group of Russian Forces (OGRF). Since Moldova gained independence in 1992, the Russian Federation has many times pledged to remove its forces from Moldova. At the November, 1999 OSCE Istanbul Summit for the first time a deadline was attached to this commitment, with CFE Treaty-limited equipment (TLE) to be removed by the end of this year, and all troops, arms and equipment to be out by the end of 2002. At the same time, OSCE states established a Voluntary Fund to provide financial support for Russian expenses in the withdrawal.

Transdnistrian authorities have posed bitter resistance to the Russian withdrawal. They claim the vast stores of OGRF arms and ammunition are Transdnistrian property, by virtue of being located on their territory at the time the Soviet Union disintegrated, and demand compensation before allowing their removal. The Transdnistrian regime has received tacit and overt support from some individuals and groups in Russia who desire to maintain a Russian presence and influence in the region. Most of all, I believe authorities in Tiraspol have sought to keep Russian troops in the region as a shield against possible Moldovan efforts to end their de facto independence and reintegrate the left bank back into a reunified country.

The OSCE Mission has sought to facilitate the Russian withdrawal through a cooperative approach. We have established excellent working contacts at all levels with Russian Federation representatives who are committed to fulfilling our common obligations, in particular the OSCE Istanbul decisions. By late 2000 the Mission successfully negotiated with the Russian Federation Foreign Ministry and Ministry of Defense procedures for inspection and verification to enable use of the Voluntary Fund to support withdrawal and destruction operations. In May I exchanged letters with the Ministry of Defense to formalize these procedures, and in June the Operative Group of Russian Forces began orderly reduction of its CFE TLE, a process which should be completed before the Bucharest OSCE Ministerial Meeting this December. Early this month I transferred over \$70,000 to the Russian Federation Ministry of Defense to compensate for expenses in the initial destruction of over 70 pieces of CFE TLE. I trust there will be many more such transfers in the near future, representing the rapid progress we hope and expect to see.

This June the OSCE Mission also established a tripartite working group with Russian and local Transdnistrian officials to investigate the possibility of industrial reprocessing and disposal of substantial portions of the 40,000-plus tons of ammunition at the Russian ammunition depot near the small left bank village of Colbasna. This working group has visited Colbasna, the first time the OSCE has been able to gain access to this facility, and traveled to Russia and a number of western countries to investigate technologies available for disposal of the ammunition. The group is currently in Chisinau and Transdnistria completing its work, and will present conclusions and recommendations to the OSCE Voluntary Fund donor states in Vienna on October 3. We hope to offer a range of options that will result in elimination of all munitions within the overall Istanbul deadline of December 31, 2002.

We are thus at last actually moving forward with destruction and withdrawal of Russian arms and ammunition after many years of promises without action. This is a significant achievement for the OSCE Mission and the Russian Federation. I wish to emphasize that we have done this with and because of our cooperation with our Russian colleagues. There has been resistance to this process in the past from Russia, and there are still parties in Moscow who do not agree with this policy course. However, we and our Russian colleagues have succeeded in identifying the overarching policy aims which we share, such as adaptation and preservation of the CFE regime. We have also been able to work out cooperative procedures, and to work together to implement them. I think our experience in this respect demonstrates how OSCE as a forum can be used to identify win-win solutions on important political and security questions, and how OSCE institutions and mechanisms can be employed to implement these solutions.

There is obviously much left to be done in Moldova, and much that could still go wrong. Nonetheless, I believe our most recent experience in the OSCE Mission in Moldova shows promise, not only for eventual resolution of some of the most important problems facing the region, but also for proactive use of OSCE mechanisms in addressing significant political and military security issues. The most important thing the United States can do – both the legislative and executive branches – is to provide continued attention and support to this process. U.S. attention, in the form of policy statements, dialogue, and visits, is crucial in demonstrating to all parties in Moldova the possibility and opportunity of integration into European and North Atlantic structures. Continued support, in particular material support, is essential in letting all parties know they will not be left without assistance in making and implementing the tough decisions in the ongoing post-communist transition. Today's hearing is a step in that direction, Mr. Chairman. I applaud you and the Helsinki Commission for the initiative and thank you for the honor and opportunity to appear before you.

**PREPARED STATEMENT OF DR. CHARLES KING,
ASSISTANT PROFESSOR, SCHOOL OF FOREIGN SERVICE
AND DEPARTMENT OF GOVERNMENT AT
GEORGETOWN UNIVERSITY**

Mr. Co-Chairmen, members of the commission: It is an honor to come before you today to offer some thoughts on the situation in the Republic of Moldova, particularly the vexed question of the withdrawal of Russian troops still located there. I have followed Moldovan affairs for more than a decade now, and many of the issues we are considering today have been on the table for most of that period. That, perhaps, is not an encouraging sign, but it is an indication of the military, political, and diplomatic complexities of the Moldovan case.

THE CURRENT SITUATION AND CONTEXT

Against the stated wishes of the Moldovan government, the Russian Federation maintains a detachment of troops within Moldova's recognized borders. Those troops are the remnants of the former Soviet 14th army, which was progressively downsized to the status of an "operational group" after the collapse of the Soviet Union. The troops are headquartered in Tiraspol, the regional capital of the so-called Dniestr Moldovan Republic (or Transdnistria), a separatist region which declared itself independent of Moldovan authority during a series of armed clashes from 1990 to 1992. Over the last ten years, Russia has moved back and forth on the withdrawal of its forces, at times pledging its commitment to leave, at other times maintaining that the soldiers are essential to looking after the interests of Moldova's ethnic Russian minority. As you know, at the 1999 Istanbul summit of the OSCE, Russia committed itself to the full and timely withdrawal of these forces and their equipment by 2002. Despite some removal of munitions, the troops remain in place, and it is now highly unlikely that the terms of the Istanbul agreement will be reached.

I would like to place the current situation in a broader political context, highlighting four of the reasons I think this issue has been such a hard nut to crack.

1. THE REALITY OF DNIESTER STATEHOOD

Analysts and policymakers often speak of the Dniester Moldovan Republic as if it were a phantom state propped up by the Russian Federation. It is not. The fact is that over the last ten years the Dniester leaders have gone about building a functioning state, although one that lacks international recognition. Its armed forces—not including the Russian Federation troops, which could be expected to help the Dniester army in the event of an armed conflict—are larger than those of Moldova. It has its own passports and its own currency. It organizes elections, although they have never been monitored by neutral outside observers. In many economic categories, it is a net "exporter" of goods to the rest of Moldova. And crucially, it has spent the last decade educating its children in the belief that the country to which they owe their allegiance is the Dniester Republic, not the Republic of Moldova. Children who were not even born when the conflict began, are now almost teenagers. Neither they, nor their parents, will accept a resolution to this dispute that does not, at some level, recognize the independence that they now take for granted.

It is sometimes hard for us in America to imagine how any of this can be the case. How can the roughly 650,000 people in the Dniester region live in a situation of such political ambiguity, citizens of a state that no one recognizes, cut off from the rest of the world? The important point to remember, though, is that for average citizens, life inside a recognized state—Moldova—is not appreciably different from life inside an unrecognized one—the Dniester Republic. Moldova is a remarkably weak state, now routinely labeled the poorest country in Europe. Pensions and salaries, when they are paid, are inadequate. People in urban areas survive by having relatives in the countryside, who are able to supply them with food from their gardens. Poverty is deep and structural. Moldova is, in every sense of the word, an underdeveloped country. The lives of average citizens rarely intersect with the state, and where they do it is usually in less than pleasant ways: being waved down by a corrupt traffic policeman for an imagined offense; paying a bribe to a doctor at a state hospital to perform a needed operation.

All of this has important implications for the troop withdrawal. Dniester authorities see the troops as a guarantor of their hard-won statehood (even though, in practical terms, they could probably defeat the Moldovan army in a pitched battle all by themselves). They are a visible presence of Russia's commitment to looking out for Dniester interests. Many local officials—including senior commanders of the Dniester security forces—were once officers in the Soviet 14th army. They also covet the military equipment still in Russian stores, materiel which would allow them to increase their lead over the Moldovan army.

2. THE POLICIES OF THE RUSSIAN FEDERATION

The Moldovan government has long pointed to Russia's dithering on the troop withdrawal. Because of the general disorder in Russian foreign policy over the last decade, there have in fact been several Russian policies toward Moldova, most of which have been at odds. The Russian presidents, both Boris Yeltsin and Vladimir Putin, have assured international organizations that they are committed to removing their troops. The Defense Ministry and individual military commanders, on the other hand, have often stated that the army is a guarantor against the "ethnic cleansing" of Moldova's Russian minority. (In fact, most Russians in Moldova live outside the Dniester region.) Various factions of the Russian parliament, who make frequent trips to the Dniester Republic, have called for the Dniester leaders to remain vigilant against the perceived Moldovan threat. There is thus no Russian "policy" toward Moldova, but a series of often inconsistent "policies," the bottom line of which is to strengthen Dniester statehood.

But neither the Moldovans nor the OSCE have been consistent in this regard either. In 1994 the Moldovans signed an agreement in which they committed themselves to "synchronizing" the Russian troop withdrawal with the resolution of the Dniester dispute. That agreement unfortunately linked the two issues and obviously left the question of timing up in the air: Should the troops be removed before the Dniester negotiations closed, or vice versa? In 1997 the Moldovans signed another agreement—welcomed by the OSCE—which committed both Moldova and the Dniester Republic to building a "common state." That, too, has turned out to be a stumbling block: The Moldovans have interpreted "common state" to mean a unified country, while the Dniester

leaders say that the term refers to no more than a loose confederation and represents a Moldovan admission that they no longer control Dniester territory.

3. THE COMPLICITY OF THE CENTRAL GOVERNMENT

All of that is only part of the story, though. Russia is a useful foil on which Moldova's ills can be blamed, but there is mounting evidence that powerful individuals in Moldova itself benefit from the limbo status into which the negotiations with the Dniester Republic have lapsed. Transparency International places Moldova among the most corrupt countries in the world, and there is a crucial link between corruption and the Dniester problem: Having part of your state outside your own control can actually be a very good thing. Goods can be imported and exported through the Dniester region without paying customs duties. The industrial enterprises in the Dniester region can be used to produce goods that are exported abroad outside the prying eyes of the central government and the representatives of international financial institutions. Witness, for example, recent controversies over the dumping of steel produced in the Dniester Republic on North American markets.

Let me point to one other example. The Dniester Republic is a piece of territory that holds around 17 percent of Moldova's total population. In 1998, however, Moldovan customs officials registered an import figure for the region that was four times as large as the rest of Moldova's. For cigarettes it was 6,000 times as large. All those goods were imported with the full knowledge of the central customs office, since the goods were registered as coming into Moldova for end-use in the Dniester region. This means one of two things: either corrupt officials on the Moldovan side benefit by diverting these allegedly Dniester imports onto the general Moldovan market, or the Dniester problem will resolve itself when the entire population contracts lung cancer from smoking too many cigarettes. The weakness of the Moldovan state, in other words, is not a condition that has somehow simply happened. Continued weakness is in the interests of those in power, whether in the separatist region or in the central government.

In recent weeks, the Moldovan Communist government has actually done more than any of its predecessors to try to address these issues, especially by getting serious about customs fraud. My suspicion, though, is that there will be very powerful forces within the Moldovan state administration and police that will oppose these moves at every step of the way.

4. THE RISE OF TAKO

I would like to raise one final issue that takes us beyond Moldova but that is relevant to understanding the situation there. The Moldovan predicament is not unique in the former Soviet Union; many of the same problems are to be found in Azerbaijan and Georgia as well. All have separatist disputes that have run on for more than a decade: Abkhazia and South Ossetia in Georgia; Nagorno-Karabakh in Azerbaijan; and the Dniester region in Moldova. All have functionally separate but unrecognized republics on their territory. Moldova and Georgia still have Russian troops on their territory whose presence is not desired by the central authorities.

As you are aware, these countries are part of an informal group of states committed to economic, political, and perhaps security cooperation—Georgia, Ukraine, Uzbekistan, Azerbaijan, and Moldova—known collectively as GUUAM. The United States has been a strong supporter of GUUAM cooperation, as a way of shoring up these countries' statehood and of dealing with important common concerns.

GUUAM has a stepsister, however, and I call her TAKO. That is my label for cooperation among the unrecognized states of Transdniestria, Abkhazia, Karabakh, and South Ossetia. They are really existing entities, and their cooperation has been substantial. Last November the presidents of these four unrecognized states held a summit meeting in the Dniester capital, Tiraspol. This past July, the foreign ministers met in the Karabakh capital, Stepanakert. Security services share information on possible threats.

Let me give you one practical example. Last fall a delegation of leaders of Moldovan nongovernmental organizations arrived in Georgia for a brief tour. The Moldovans asked, via the local OSCE office, if they could arrange a trip to South Ossetia as part of their program. After approaching the South Ossetian leadership, the OSCE came back with a categorically negative response. As it turned out, the deputy speaker of the Dniester parliament had been in South Ossetia only weeks earlier, to attend the celebrations surrounding the tenth anniversary of South Ossetian independence. He had strongly advised the Ossetian interior and foreign ministries against approving the Moldovan visit. In terms of practical outcomes, as a form of international cooperation TAKO is probably more real than GUUAM.

THE POLICY DIMENSIONS

The TAKO phenomenon, as well as the other complexities I have highlighted above, point to four practical issues that the United States and the international community will need to consider as we move ahead with negotiations in the Eurasian conflicts—and in Moldova in particular.

1. In the long run, the status quo hurts everyone. On the face of things, the current situation does not look all that bad. In fact, it is precisely because most people benefit in the short term that so little movement has occurred in Moldova since the fighting stopped in 1992. The separatists get a de facto independent country. Corrupt Moldovan officials get a profitable channel for imports and exports. The Russian Federation gets a strategic foothold in a neighboring country. Western governments get relative peace and, therefore, no CNN on the scene.

But in the long run, everyone loses. The unrecognized states have become conduits through which drugs, weapons, and people are smuggled into the European Union and farther afield. They have become authoritarian, militarized statelets, ruled rather than governed, by many of the same people who originally made the wars of the 1990s. They have had a cancerous effect on Moldova, Georgia, and Azerbaijan, eating away at what little democracy exists in the last two, seriously weakening what was a strong procedural democracy in the first.

2. A “breakthrough” in negotiations is unlikely. Given the very real interests that keep the status quo in place, a major move forward in negotiations over the short term is unlikely. In fact, today the negotiations are really not about ending the conflict in a single country. Moldova and the Dniester Republic represent two distinct political systems, econo-

mies, militaries, and increasingly societies. The terms of the negotiations have changed from being about how to stop a civil war into how to integrate two functionally separate countries. And since both countries have more or less learned to live with the current state of affairs, it is little wonder that real progress has been so elusive. Even the most dedicated peacemakers—such as the local OSCE mission in Chisinau—have thus found themselves in a no-win position: pushing an agreement with separatists who have no incentive to negotiate in good faith, central leaders who benefit from the status quo, and an impatient international community looking for any symbol of “progress,” regardless of whether it actually contributes to resolution

3. Removing the troops will on its own accomplish little. The removal of Russian troops has been a focus of international policy largely because it has a definable end point. In the morass of post-Soviet politics, everyone is looking for a clear measure of the success of international policy. But troop withdrawal is not an end in itself. The presence of Russian troops actually contributes very little to the security of the Dniester Republic, although many local citizens and political leaders do see the troops as an important symbol of Russian support for their cause. Many of the officers who formerly served with the 14th army have now retired and live with their families inside the Dniester Republic. Others have taken up positions within the Dniester security structures. For many of the army’s officer corps, “withdrawal” meant little more than a trolley bus ticket to the other side of Tiraspol, since they and their families had long ago come to think of the Dniester region as home.

Today, the troops actually perform a rather useful service: making sure that at least the majority of the army’s weapons stocks do not fall wholesale into the hands of the Dniester authorities. That, of course, looks suspiciously like a protection racket. It was the 14th army that largely caused the eruption of violence in the first place, by supplying men and weaponry to the most radical Dniester leaders. But even if both the troops and the weapons are withdrawn, there will be a large reserve of highly trained, battle-experienced Russian officers and men left inside the Dniester region. To my knowledge, there has been very little thought or discussion on the Moldovan side about what to do with them.

4. The “phantom republics” are here to stay. The Dniester Republic, Abkhazia, Karabakh, and South Ossetia may sound like countries in a fantasy game, but they are real places that are likely to be around for a long time. The Russians certainly recognize that fact. The Russian Defense Ministry’s official history of the post-Soviet wars, published last year, argues the point clearly: The only possible course for outside powers, the writers say, is “the preservation of the existing *de facto* independent status of Abkhazia, Nagorno-Karabakh, and South Ossetia as juridically legitimate entities, as something like associated parts of internationally recognized states.”

So far, the OSCE has taken a strong position affirming the territorial integrity of Moldova, Georgia, and Azerbaijan; denouncing separatism; and encouraging negotiations in which the devolution of autonomy to the separatist regimes is the model for conflict resolution. I believe that model is now exhausted. Despite the committed efforts of fine diplomats and negotiators in the field, none of these disputes is frankly any closer to being resolved than it was when the fighting stopped several years

ago. In some ways, the situation is worse, because over that period the separatist regions have consolidated their statehood and begun to rear a new generation of children convinced that their homeland is a place called the Dniester Republic or Abkhazia or Karabakh. The problem is that, so long as these statelets remain unrecognized, it is very difficult for the international community to make policy toward them—except to continue with “negotiations” that are often postponed, cancelled or manipulated by all the parties to ensure that they achieve little.

Even in the best-case scenario—a “peace agreement” that would allow for the separatist regions to be formally reintegrated with the existing state but also provide for considerable local autonomy—Moldova, Georgia, and Azerbaijan will still end up as the losers. They are, at the moment, states that do not control significant portions of their own territory (from about 12 percent in Moldova’s case to around 25 percent in Azerbaijan’s), and in which the general trend in terms of democratization, economic performance, and reform in recent years has been largely negative. Whether Russian troops stay or go, I think, is largely peripheral to the broader problem of Eurasia’s failing states.

Thank you.





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