

EU-Moldova Parliamentary Association Committee

**MINUTES
of the fifth meeting of the EU-Moldova Parliamentary Association Committee**

**25 - 26 October 2017
Strasbourg**

The meeting opened at 15:00 on Wednesday, 25 October 2017, with Co-chairs of the EU-Moldova Parliamentary Association Committee **Mr Andi Cristea** (Member of the European Parliament) and **Mr Leanc Iurie** (Member of the Parliament of the Republic of Moldova) presiding.

1. Adoption of the draft agenda

The agenda was adopted as circulated.

2. Adoption of the draft minutes of the 4th EU-Moldova Parliamentary Association Committee Meeting held in Chisinau on 22 May 2017

The draft minutes were adopted as circulated.

3. Exchange of views on EU-Moldova relations and recent political developments in the Republic of Moldova

Co-chair Mr Andi CRISTEA noted the significant developments in EU-Moldova relations since the first PAC meeting in 16 October 2016, while stressing that the EU never forced Moldova to make a geopolitical choice. He reminded the participants that electoral reform in Moldova prompted intense discussions in the European Parliament. He urged participants to hold fact-based discussions, avoiding caricatures and oversimplifications on the situation in Moldova, and focusing on delivering proper reforms which could bring tangible results to citizens.

Co-chair Mr Iurie LEANC stressed the need to discuss the implementation of the AA and the overall dialogue between EU and Moldova in a frank manner, with an aim to encouraging reforms which would benefit Moldovan citizens. He underlined that Moldovans will not manage to reform their state and face Russian aggressive policies without EU support. He acknowledged the EU strategic help and expressed hope for future support. Among the issues which deserve in-depth discussions, he listed the implementation of the AA/DCFTA, reform of the electoral system, the banking crisis, judiciary reform, joining the customs union, roaming tariffs, and the upcoming EaP summit.

Mr Eugen CARAS Ambassador, Head of the Mission of the Republic of Moldova to the EU highlighted the significance of the Association Agenda. He also stressed the importance of the internal Moldovan documents, most notably: the National Action Plan for the AA and Implementation, and the Roadmap, both of them approved by the Parliament of Moldova. He took the view that overall implementation is heading in the right direction, especially in the area of trade. Besides the electoral law, which dominated the Moldova discussions in the European Parliament, he underlined the need to discuss macro-financial assistance (MFA) and budget support, and in this context the judiciary reform. In his opinion there is a clear will of the Moldovan authorities to fulfil the MFA recommendations. He conveyed appreciation of the Moldovan government for the prolongation of the EUBAM mission and also touched upon the Transnistria issue, referring to the lack of progress within the “5+2” negotiation format.

Mr Dirk SCHUEBEL, Head of Division for bilateral relations with the Eastern Partnership countries of the EEAS stressed that the period of bilateral relations between the EU and Moldova since the last summit in Riga was very intensive, and that despite many positive achievements there is still a long to-do list. Among the key reforms to be tackled, he mentioned a strong impartial and independent judicial system, and a free and open space for the media and for the CSOs. Mr Schuebel also underlined that the EU has provided significant support to the Moldovan government to fulfil its obligations regarding reforms. He stressed that rules included in the previously signed agreements cannot be changed. He highlighted that conditionality was a rule required by both sides, and in this context he underlined the importance of transparency, the rule of law and the fight against corruption. He furthermore underlined the need to continue to search for a peaceful settlement of the Transnistria conflict, within the OSCE 5+2 model.

Mr Mathieu BOUSQUET, Head of Unit for Georgia, Moldova & Neighbourhood Cross-Border Cooperation in DG NEAR stressed that the best way to secure the stability of the country is to provide proper structural and fundamental economic reforms. He underlined the importance of the upcoming EaP summit, the 2020 Deliverables, the Association Agenda, and the recently adopted 2017 - 2020 Single Support Framework for bilateral assistance to Moldova.

4. Discussion on selected reform areas

a) The National Action Plan of the Republic of Moldova on the implementation of the Moldova-European Union Association Agreement for 2017-2019.

Mr Dirk SCHUEBEL stressed that Moldova has been seriously tackling the implementation of the Association Agreement and the updated version of the Association Agenda through the National Action Plan, and convey a general positive assessment of the implementation process. He however highlighted the need for the National Action Plan to be updated, and for a implementation of the adopted legislation. He referred particularly to the list of items included in the conclusions of the Foreign Affairs Council of 15 February 2016, especially implementation of the key reforms in the areas of justice and anti-corruption.

Mr Mathieu BOUSQUET recalled that the overall priorities for support have already been identified within the recently adopted Single Support Framework, in line with the Association Agenda: good governance, economic development connectivity, people-to-people contacts, support for civil society, strategic communication, capacity development and institution building. However, he underlined that all support will continue to be bound to strict conditionalities, monitored by the Commission. He stressed that, in the last stages of adoption for the Annual Action Program 2017 for Moldova, the focus will be on waste and water sanitation projects, energy interconnectivity with Romania, and energy and economic governance. Mr Bousquet also reminded of the recommendations formulated in the 2016 Court of Auditors Special Report, and especially underlined the need to strengthen the fight against corruption and fraud. He called on Moldova to speed up the implementation of many blending projects, including interconnected gas pipelines, railway and road moderniation and to enhance the monitoring of the assistance in the country.

Mr Dirk SCHUEBEL stressed the urgency of adopting a new overall strategic document in the justice sector, focusing on the implementation of the legal framework adopted in the period from 2011 to 2016. He welcomed the commitment to ensure the functionality of the anti-corruption institutions, and in particular the National Anti-Corruption center. He emphasised the importance of a depoliticised anti-corruption framework, of a proper functioning of the National Anti-Corruption Center, and of providing access to police and judicial information and databases for the Asset Recovery Office and the Financial Investigation Unit. He furthermore pointed at the need to adopt a new audio-visual code, which should be developed in consultation with all stakeholders.

Co-chair Mr Iurie LEANC stressed that the implementation of the Association Agreement is the Moldovan government's number one priority, and underlined its positive impact on the Moldovan economy. Co-chair recalled a new project launched recently with the UNDP, whereby Moldovan authorities will review all legislation that is being implemented on a monthly basis, and announced that the results of these reports will be shared with the European Commission. Mr Leanc also mentioned the good figures regarding reform implementation presented by the UN and by the OECD. He furthermore highlighted the cooperation between Moldova and Ukraine regarding border control of the disputed territory.

Mr Sîrbu Sergiu, MP stressed that the Moldovan Parliament already adopted the Integrity and Anti-Corruption Strategy for 2017-2020. In the context of high level corruption, he presented data on the number of high-level officials who were brought to court. He also pointed out that the prosecution rate for corruption cases increased from 85 percent in 2015 to 95 percent in 2017, and that in the banking fraud scandal, 17 people were prosecuted and the files related to five people have already arrived in courts. Mr Sîrbu stressed the recent adoption of a new law regarding integrity and anti-corruption measures for the public, private and political sector, and the law on the prevention and fight against money laundering.

Mr Michał BONI, MEP (EPP) asked about tangible results of the reforms and whether the Moldovan government has clear intentions when implementing the new legislation. He stressed the need to establish the impartiality of media and an impartial media market, as

well as the need to create a conducive environment for NGOs and CSOs.

Ms Maria GRAPINI, MEP (S&D) underlined that there is no other way to bring welfare to the people than ensuring the rights and freedoms of persons, including the right for fair and public trials. She called for cooperation and dialog when looking for solutions to currently existing issues, and suggested to pay more attention to the wages of judges and prosecutors whilst reforming the judicial system.

Mr Michał BONI, MEP (EPP) noted that an action plan with a clear indication of responsibilities was needed for the public administration reform and called for close cooperation between the government and parliament. He stressed that citizens should feel that public institutions are oriented toward them. Mr Boni encouraged the use of digital tools for improving services, which help to fight corruption and increase transparency, especially in the field of public procurement.

b) Energy cooperation

Co-chair Mr Iurie LEANC underlined that implementation of the energy package is at 81%, and it is the priority for Moldova, and welcomed the significant progress on the construction of energy interconnections with Romania.

Ms Maria GRAPINI, MEP (S&D) stressed the need to prolong financial support and technical assistance for Moldova. She underlined that the potential suspension of EU support to Moldova can have unexpected results, and can jeopardise progress achieved within the last few years.

Mr Dirk SCHUEBEL stressed the importance of the full implementation of the New Energy Law, drafted jointly with the Energy Community and DG Energy. He stressed that only the full and proper implementation of these laws can bring about the independence of the National Energy Regulatory Agency of the Republic of Moldova (ANRE). Mr. Schuebel emphasised the need to implement the Third Energy Package on Electricity and Gas. He called on Moldovan authorities to implement the Energy Sector Reform Action Plan and the Power Sector Action plan. He echoed the positive comments on the successful implementation of the gas and electricity interconnection projects.

Mr Mathieu BOUSQUET welcomed the adoption of the New Energy Law and underlined the importance of the independence of the National Energy Regulator. He stressed that Moldova needs to meet the minimum requirements included in the Financing agreement in order to receive further financial support from the EU for the development of the gas pipeline infrastructure. He welcomed developments made on the electricity interconnection projects. He recalled that the EU has already made significant financial contributions to Moldovan infrastructure. He furthermore insisted on the importance of energy efficiency, mentioning the development of renewable energy with biomass projects, improving heating comfort levels in the rural public sector.

c) Public administration reform

Mr Igor VREMEA, MP (Liberal party) underlined that Moldova already adopted a strategy towards the reform of the public administration, and a plan with concrete measures for 2017 and 2018. He stressed also that the Moldovan government, in order to facilitate the implementation of new legislation, founded a Centre for the Implementation of Reforms. He took the view that, thanks to the modernisation and unification of public services, services for citizens and the business environment improved. He presented the latest developments in the reform of the education system, which aim at increasing transparency, innovation and the quality of the education system in the country.

Mr Michał BONI, MEP (EPP) underlined the importance of the Public Administration Reform and outlined the requirements which have to be met to set up an effective and efficient Public Administration: 1) better organisation and avoiding overlapping competencies and activities of institutions; 2) better management and a simplified model of governance; 3) reasonable financial motivation; 4) political independence of the public administration; 5) broad usage of the new technologies. He highlighted the importance of research and innovation, and in this context called to strengthen cooperation between EU and Moldovan universities.

Mr Mathieu BOUSQUET welcomed the efforts of the Moldovan Government in public administration reform and called for more progress to be done in the territorial reforms, inter alia, through the creation of a clear roadmap for the implementation of this reform. He underlined that the essential elements of the Public Administration reform are capacity and the functioning of key regulatory bodies. He noted that fighting corruption is not only about repression, but also prevention. He highlighted EU support for the Public Administration reform and called on Moldova to take steps in order to benefit more from EU support programmes. He called also for the continuation of the strengthening of accountability, and inclusivity with civil society.

d) Trade and Trade related matters

Ms Oxana Domenti (MP) presented positive trends in the exchange of goods between the EU and Moldova. She underlined the decrease in the permanent share of exports to CIS countries in 2016. Ms Domenti noted that the growth in exports of Moldovan goods was registered with its main trade partners: Romania, Germany, Bulgaria, Greece and Austria. However, she noted also a drop in the export of Moldovan products to countries like France, Estonia and Slovenia. She underlined that the most popular products which are exported are oil seeds and oil fruits, cereals, edible fruits and nuts, electrical equipment, textiles, alcoholic beverages, and tobacco. Ms Domenti noted that imports from the EU increased by 19% more versus the previous period in 2016, and cover inter alia mineral products and pharmaceuticals. The MP stressed that the highest growth of imports came from Romania (23%), Germany (19%), Italy (16%) and France (24%). She also mentioned that 81 % of the AA related to trade and trade related matters was already implemented. She urged the EU to further provide technical and financial assistance, to the benefit of economic operators and to the citizens of Moldova.

Mr Mathieu BOUSQUET noted that the association agreement clearly stipulates a reciprocal basis, which means that any further opening on the EU side should be based also

on the opening on the Moldovan side. In the context of cooperation and financial assistance, he noted that Moldova needs to clean up its banking sector to allow for cooperation with Moldovan Banks, and to strengthen protection towards intellectual property rights. He noted that the reduction of technical barriers to trade, and compliance with SBS standards are among the priorities of EU assistance, including in the support to the SMEs. He mentioned the recent adoption of the External Investment Plan, which aims at fostering investments in partner countries by providing guarantees to a portfolio of projects prepared by the partner institution. He encouraged the parliamentarians to ensure compliance of draft laws with the AA/DCFTA provisions.

Mrs Maria GRAPINI, MEP (S&D) asked for eventual possibility of arbitration in case of disputes related to EU-Moldova trade. **Mr Sîrbu Sergiu, MP** pointed out that Moldova has a trade mediator, hosted by commercial chambers, but highlighted the lack of faith in national arbitration, and the need to make use international arbitration, especially in big value contracts. **Co-chair Mr Iurie LEANC** pointed out that the tariffs on imports have decreased by more than 20 percent, and that despite this, the revenues from customs have increased, illustrating what is a clear indicator of the better management of the customs. **Ms Oxana Domenti (MP)**, answering a question by **MEP Norica NICOLAI (ALDE)**, stressed the need to ratify in the coming period the Additional Agreement to the Convention on the Control of Tobacco. She underlined that new legislation which should prepare Moldova to ratify the Additional Agreement has been already adopted. **Mr Dirk SCHUEBEL and Mr Mathieu BOUSQUET** highlighted progress in the area of custom management and the EU-Moldova cooperation in this area.

e) Respect for human rights and fundamental freedoms, in particular media freedom

Mr Sîrbu Sergiu, MP underlined that media de-monopolization, the fight against propaganda, local media development and the improvement of media legislation was done in accordance with best European practices. He referred to the work of the Parliamentary Working Group created to improve media legislation, which should allow for the new draft audio-visual code to be drafted by the end of the year. He furthermore referred to discussions within the Moldovan Parliament concerning the programmes linked to the information security.

Mr Dirk SCHUEBEL underlined that citizens should have the right to a fair, open trial free of political pressure and that some additional measures need to be taken to restore public trust in the judiciary, to prevent selective justice, and to eliminate corruption. Mr. Schuebel called for the creation of a good environment for CSOs, including the absence of restrictions on the funding from abroad. Regarding the fight against propaganda, he stressed that freedom and democratic standards of the mass-media should be preserved, and the balance between security and freedom of speech should be maintained.

Co-chair Mr Andi CRISTEA, called for the continuation of efforts to fight against corruption, reform the judicial system and avoid political interference.

f) Financial Services and the current situation in the banking system

Mr Dirk Lenaerts, Head of Unit of the Macro-financial assistance of the European Commission noted that Moldova is trying to improve economic governance to ensure macroeconomic stability and restore the credibility of the authorities after the 2014 Banking Crisis. He called for the continuation of efforts to resolve issues connected to the banking sector, in order to create an efficient regulatory and supervisory framework for the future. He stressed that all three instalments of macro-financial assistance are based on conditionalities.

5. Exchange of views on the decision to provide macro-financial assistance to the Republic of Moldova and the monitoring of the joint statement by the European Parliament, Council and Commission

Mr Dirk Lenaerts, Head of Unit of the Macrofinancial assistance of the European Commission emphasised that financial assistance, which was approved by the European Parliament is based on the political preconditions and notably those related to the electoral reform. He reminded of the process leading to an agreement on Memorandum of Understanding

Mocanu Gheorghe, MP (European People's Parliamentary Group), reminded about the impact of the banking crisis on the Moldovan economy and underlined cooperation with European and international partners on resolving the banking crisis and its outcome. He underlined progress as well as difficulties in this respect and outlined the next stages for reforms, including strengthening capacities of the National Committee of the Financial Sector and supervision of the Insurance and microcredits sectors.

Mr Michał BONI, MEP (EPP) welcomed progress done since the last two years and stressed the need to continue efforts, including regarding money transfers from abroad.

Thursday 26 October 2017, 9:00-12:00

6. Exchange of views on the Reform of the Electoral System for the parliamentary elections in Moldova

Mr Dirk SCHUEBEL stressed that the electoral law is not the only component of a properly functioning democracy. He underlined the importance of civil society and a properly functioning media, justice and anti-corruption system. Mr Schuebel noted that recently adopted legislation was against the main recommendations of the Venice Commission, inter alia regarding the thresholds for parliamentary representation. He also expressed his concern about the representation of women and minorities in parliament.

Sîrbu Sergiu, (MP) Democratic party underlined importance of the Electoral Law. He stressed that the recently adopted mixed electoral system was based on Lithuanian solutions. and most of the recommendations of experts were taken into account in the law. He also reminded that several important changes were made as a result of recommendations coming

from the Venice Commission and law was approved by the Parliament of the Republic of Moldova. He underlined that all amendments, as well as process of adoption were transparent and opened to the public.

Co-chair Mr Andi CRISTEA regretted the lack of consensus on this topic within the European Parliament. He highlighted that current political situation in Moldova has already sparked three discussions in the EP. He reminded that the EU is respecting sovereignty of the partner states and noted that current reforms of the electoral system was supported by the Moldavian society.

e) Preparation of the 6th Ordinary Session of the Euronest PA in Kiev on 30 October 2017- 1st November 2017 and the Eastern Partnership (EaP) Summit in November 2017

Mr Mathieu BOUSQUET outlined the preparations for the upcoming EaP summit in Brussels. In the context of the EaP declaration, he underlined some difficulties in going beyond a certain level of ambition. He welcomed Moldova's constructive position negotiation on both the Declaration and the Preparation of the Summit. He put an emphasis on concrete deliverables that would have an impact on the citizens.

Mr Eugen CARAS, Ambassador, Head of the Mission of the Republic of Moldova to the EU welcomed the advancements before the EaP summit. He underlined the importance of the aspirations and urged not to make steps backwards in the language compared with previous EaP summit declarations. He highlighted that is room and need for strengthening of cooperation in such a fields like: transport, energy and roaming, and encouraged all participants to focus on the concrete results and upgrading existing architecture. He underlined that Moldavan position should be both ambitious but also moderate, constructive and forward-looking.

Co-chair Mr Andi CRISTEA reminded about the importance of the EaP and referred to the upcoming EP recommendations on the subject. He underlined the importance of the European perspective.

Mr Ioan PA CU, MEP (S&D) underlined the need to continue the progress in the relations between the EU and Moldova. He reminded about different formula of the previous EaP declarations and echoed calls not go backwards in the language of the EaP declarations. He called to encourage pro-democratic and pro-European forces in Moldova.

f) Cooperation with the civil society in implementing the reform agenda

Ion GUZUN, Co-Chair of the EU-Republic of Moldova Civil Society called to hold regular meetings on the situation in Moldova not only in Strasbourg or Brussels but also in Chisinau. He noted problems concerning respect for human rights, and the new electoral law, in particular regarding the lack of implementation of the recommendations of the Venice commission. Mr Guzman mentioned also various different problems which, in his opinion are threat for the rule of law and democratic values in Moldova including the new

criminal law, the problem of the intimidation of judges, the excessive use of personal data of judicial rulings. Mr Guzun stressed that CSOs are often being attacked by the government.

Dumitru FORNEA, Co-Chair of the EU-Republic of Moldova Civil Society regretted low responsiveness of the Moldavan authorities to the breaches of human rights and low transparency of the Moldavian institutions. He underlined the important role of the CSOs during negotiations with the UE and other foreign partners.

Mr Mathieu BOUSQUET, underlined importance of the cooperation with the CSOs. He stressed the need to develop new legislative initiatives that would aim at creating a conducive environment for civil society. He listed some of the channels of the support of the EU to the CSOs in Moldova.

5. Consideration and approval of Joint Statement and Recommendations

Amendments to the draft were discussed.

The draft joint statement and recommendations were approved by voting procedure.

6. Any other business

Concluding remarks by the Co-chairs of the EU-Moldova PAC

Co-chair Mr Andi CRISTEA expressed his gratitude to the all participant of the Moldova PAC. He reminded that the European Union should be both an anchor of stability and a compass for navigation for the future of Moldova. He called on Moldova to maintain the democratic path, underlined importance of the parliamentary work and its role in the EU-Moldova relations. He highlighted that dialogue and transparency are key to building trust, and trust is key to bring about lasting change.

Co-chair Mr Iurie LEANC expressed his gratitude to all the participant of the Moldova PAC and for the hospitality of the EP. He called to strengthen the EU-Moldova relations in the mid and long-term. He promised to discuss further in Moldova the most important issues including reform of the justice system and engagement of the CSOs, and welcomed the EU support for Moldova.

The meeting closed at 13:30.

**Fifth meeting of the
EU-Moldova Parliamentary Association Committee**

**25 - 26 October 2017
Strasbourg**

LIST OF PARTICIPANTS

European Parliament:

Mr Andi CRISTEA, Co-Chairman of the Committee
Mr Michal BONI, Vice-Chairman of the Committee
Mr Andrzej GRZYB, Member
Mrs Miapetra KUMPULA-NATRI, Member
Mrs Norica NICOLAI, Member
Mr Ioan Mircea PA CU, Member
Mr Petras AUŠTREVIIUS, Substitute
Mrs Maria GRAPINI, Substitute
Mr Jiří MAŠTÁLKA, Substitute
Mr Kazimierz Michal UJAZDOWSKI, Substitute

Parliament of the Republic of Moldova:

Mr Iurie LEANCĂ, Co-Chairman of the Committee
Mr Igor VREMEA, Vice-Chairman of the Committee
Mr Serghei SÎRBU, Member
Mrs Oxana DOMENTI, Member
Mr George MOCANU, Member

Guest speakers:

H.E. Mr Eugen CARAS, Head of the Mission of the Republic of Moldova to the EU
Mr Dirk SCHUEBEL, Head of Division for the Eastern Partnership - bilateral
Mr Mathieu BOUSQUET, Head of Unit for Georgia, Moldova & Neighbourhood Cross-Border Cooperation, DG NEAR, European Commission
Mr Dirk LENAERTS, Head of sector in DG Economic and Financial Affairs, European Commission
Mr Dumitru FORNEA, Member of European Economic and Social Committee and Co-Chair of the EU-Republic of Moldova Civil Society Platform
Mr Ion GUZUN, Legal Adviser of the Legal Resources Centre from Moldova and Co-Chair of the EU-Republic of Moldova Civil Society Platform