

EU-MOLDOVA PARLIAMENTARY ASSOCIATION COMMITTEE

Seventh Meeting

18-19 December 2019

Strasbourg

STATEMENT AND RECOMMENDATIONS

pursuant to Article 441(3) of the Association Agreement

Adopted on 19/12/2019

The seventh meeting of the EU-Moldova Parliamentary Association Committee (PAC) co-chaired by Siegfried Mureşan, on behalf of the European Parliament, and Mihail Popşoi, on behalf of the Parliament of the Republic of Moldova (hereinafter 'Moldova'), was held in Strasbourg on 18-19 December 2019.

The Parliamentary Association Committee, having considered the state of play of EU-Moldova relations and of implementation of the Association Agreement, agreed on the following final statement and recommendations.

The Parliamentary Association Committee:

On the implementation of the AA/DCFTA and reforms in Moldova

1. Notes the latest developments in the Republic of Moldova and reiterates the importance of continuing the ambitious reform agenda initiated in June 2019 by the previous Government, aimed at anchoring firmly the country on its European path; and which is based on the effective implementation of the Association Agreement / Deep and Comprehensive Free Trade Area (AA/DCFTA), focusing on strengthening the independence of state institutions, ensuring the separation of the state power, independence of the judiciary and prosecution systems, fight against corruption and improving the living conditions of citizens;
2. Stresses that the new Prime Minister has publicly stated that the implementation of the Association Agreement and the dialogue with the European Union remain a priority for the new Government; expects to see concrete signs of this commitment by implementing reforms that will deliver on what the citizens of the Republic of Moldova expect, notably on the fight against corruption, organised crime strengthening the rule of law, in particular the prosecution system, bringing to justice those responsible for the bank fraud and money laundering crimes,

investigating the allegations on foreign financing of the political parties; recalls the importance of ensuring the cooperation with EU institutions and Member States in order to ensure that the funds are fully recovered and returned to the Moldovan citizens; recalls also the importance of improving the living standards of the citizens, the economic development, the job creation, improving the health and education system; notes however, that the first international visit of the new Prime Minister took place in the Russian Federation; stresses the need of Moldova to continue cooperation with international partners which are interested in the pursuit of the reforms in the country;

3. Underlines the urgent need to put in place an ambitious set of reforms of the justice system in accordance with the AA/DCFTA giving priority to a vetting system of judges and prosecutors; emphasizes the need to continue the fight against corruption in order to prevent the deterioration of democratic standards and the rule of law and calls for full transparency of these legislative and administrative steps; wishes for the Coordinating Council and Consultative Bureau for anticorruption and justice reform, formed in August 2019, to contribute to the abovementioned goals;
4. Notes that, pursuant to the efforts of the previous Government, a disbursement of €14,35 million in EU budgetary support for police reform, the fight against corruption and anti-money laundering, the modernisation of the energy sector and a more efficient and transparent public finance policy was set in motion in July 2019; another EU disbursement in October 2019 of €25 million in budget support focussed in the same areas and agriculture and rural development; further notes that pursuant to the previous government's efforts, the EU approved a €30 million disbursement in Macro-Financial Assistance to the Republic of Moldova after its suspension in 2018, among others due to the invalidation of the June 2018 mayoral elections in Chisinau; reminds that further EU budget support and macro-financial assistance is fully conditional on the implementation of previously agreed reforms in the framework of the Association Agenda including measures devoted to the guarantee the separation of power, respect of rule of law, fundamental rights and democratic standards as well as the independence of the judiciary;
5. Welcomes the growth of the Moldovan economy, based on the effective implementation of the AA/DCFTA, the improved economic and financial outlook and stabilising role played by the EU and international institutions in supporting

economic development in the country; notes that the high budget deficit may affect the economic and financial stability in the medium and long term;

6. Expresses its satisfaction at the continually increasing volume of trade between the EU and Moldova, the EU being Moldova's main trading partner, particularly at the increase in Moldovan exports to the EU market as a result of the implementation of the DCFTA; notes that the agricultural sector, which represents the backbone of the Moldovan economy has benefited most from the DCFTA; welcomes the fact that the EU is the biggest investor in the country and that, in 2018, it accounted for 70% of Moldova's total exports and 56% of its total trade; encourages further progress in areas such as the customs code, the protection of intellectual property rights including geographical indications, the improvement of sanitary and phytosanitary standards, the improvement of market conditions in the field of energy, public procurement, and access to finance for SMEs;
7. Invites the Moldovan Government to strengthen cooperation with the European Union to tackle climate change and environmental challenges including stepping up climate actions in line with the European Green Deal;
8. Welcomes the initiative to create the 'Project Team Moldova' within the European Commission working closely with the European Parliament aimed at streamlining EU support for the reform process; furthermore invites the EU to consider establishing the Trio Plus Strategy 2030, an EU investment and reform support platform for associated countries, in the areas including, but not limited to, investment capacity building, transport, energy, justice and digital economy, and paving the way for an ambitious agenda of integration into the EU;
9. Commends the role played by the Moldovan civil society in fostering participation in the political debate, and calls on the Moldovan authorities to protect and strengthen the activism of Moldovan civil society by providing a sound legal framework that avoids regulation hindering its activity and freedom from political persecution; reaffirms that Moldovan civil society has a key role to play in monitoring the implementation of the Association Agreement and of the reform agenda; encourages the Government and Parliament to continue cooperation with the EU-Moldova Civil Society Platform, which was set up within the framework of the Association Agreement for this purpose; reiterates that the engagement with civil society should be systematic and continuous, and calls for the application of best practices as implemented by other Eastern Partnership countries in this area;

10. Expects the new Government to build up on the recent steps taken by the previous Government with regards to fighting corruption and unravelling criminal and money-laundering schemes, such as steps taken towards aligning legislation regarding Duty Free Shops operations with EU standards, as well as investigating contentious privatisation cases; welcomes the actions undertaken in order to pursue the prosecution of the massive banking fraud exposed in 2014 and other money-laundering cases, but notes that no substantial recovery of assets has been made so far, and further steps need to be taken in this direction; taking note of the 2019 Association Implementation Report on Moldova issued by the Commission positing that the establishment of instruments and bodies that aim to prevent fraud and money laundering has been slow, calls for relentless continued efforts with a view to strengthening independent banking supervision, improvement of transparency in ownership and management, and stabilisation of the banking sector, so as to increase confidence in the Moldovan financial sector; welcomes the suspension of the Citizenship-by-Investment Programme granting Moldovan citizenship in exchange for investment;
11. Shares the citizens' high expectations regarding the judicial proceedings related to the banking fraud; recalls the need to bring those responsible to justice, and to speed up the recent investigations open with the objective to advance on the matter; expects that the new Government will continue to build on these efforts and take concrete steps to address the banking fraud and the money laundering schemes stresses that all trials should be held in line with international standards and should be transparent;
12. Underlines that the independence of the Prosecutor General is indispensable for the full application of the rule of law principle and stresses the need for ensuring that this principle works properly in the legal system of Moldova;
13. Recalls the importance of ensuring media pluralism, including a plurality of TV channels, protection of independent media and freedom of expression, and of reforming the national broadcaster, and notes that the concentration of media ownership and monopolisation of the advertising market remains problematic, therefore measures shall be taken to counteract these phenomena; stresses that the increased use of manipulation and propaganda techniques as reported by civil society organisations must be addressed; in this respect, welcomes the entry into force in January 2019 of the Audiovisual Media Service Code in line with the EU acquis, notwithstanding, recommends that further improvements to the

Audiovisual Code be brought about in order to de-monopolise the media and to liberalise the advertising market; calls for enhanced support from the European Union for the independent media outlets enabling them to continue carrying their important work of providing quality content to the Moldovan public;

14. Calls on the Moldovan authorities to enhance media environment and make professional, independent journalism sustainable, since only a healthy media landscape leads to the achievement of the EU neighbourhood policy's fundamental goals, including democracy, good governance, resilience against external pressures and an effective communication of reform and of the advantages of engaging with the EU; calls upon the EU and Moldovan authorities to continue creating a media environment where journalists can work free from coercion and repression;
15. Calls on the Moldovan Government to further reform the energy sector in order to increase resilience, transparency in costs and contracts in the sector, and to improve energy independence and efficiency, particularly by strengthening the independence of the energy regulators, increasing energy interconnections with the EU, and diversifying energy sources, including renewable energy and a reduction in dependence on fossil fuels, taking into account the necessity to reduce CO₂ emissions and to tackle environmental pollution; stresses that all these aspects are of paramount importance for enhancing the country's energy security recalls the importance of continuing the pace of reforms in the energy sector in line with the Third Energy Package and Energy Community acquis;

On election processes and electoral law

16. Notes that the February 2019 parliamentary elections in Moldova were assessed by the OSCE/ODIHR-led international observation mission in which a delegation of the European Parliament was integrated, as competitive with a general respect for fundamental rights;
17. Welcomes the recent legislative changes to the Moldovan electoral system, reverting to a proportional system and abandoning the mixed electoral system that was introduced in late 2017 in spite of negative international advice and EU concerns; commends the continuous support provided by the Council of Europe, the Venice Commission and the OSCE/ODIHR in addressing the issues of fundamental importance for the strengthening of Moldovan institutions, therefore

reinforcing the Moldovan democracy; expresses concern about the possibility to hold snap elections under the current mixed electoral system;

18. Takes note of the progress in the way in which local elections were conducted in October 2019 and calls on all stakeholders to continue improving on compliance with international obligations and standards for democratic elections and to take into consideration the recommendations of the previous EP and international election observation missions; insists in particular on the importance of the development of transparent practices and ensuring a fair electoral process and of a competitive environment;
19. Stresses the need for a more effective role of the Parliament of Moldova in exercising legislative oversight to pursue a rigorous, more effective and full-fledged scrutiny over implementation of laws, budgetary spending, governmental actions, in particular ensuring stronger legislative control over implementation of the obligations under the Association Agreement EU-RM; calls on the EU member states and European Parliament to increase efforts in building up effective platforms of cooperation with the standing committees and political groups of the Moldovan Parliament, building up institutional capacities to increase the effectiveness of the oversight functions of the legislative body;

On overall Eastern Partnership issues

20. Commends the positive contribution made by Moldova to the Eastern Partnership Summit in November 2017, as well as at the 2019 high-level conferences marking the 10th anniversary of the Eastern Partnership; on this occasion, the EP takes note the evolution of the Eastern Partnership as a political project but stresses the importance of providing a new political impetus to this political project; notes the advancements made by Moldova on the implementation of the '20 Deliverables for 2020'; encourages Moldova to actively participate in setting new deliverables for the Eastern Partnership in the post 2020 period and extends its endorsement for Moldova's stated intention to substantively contribute to the reflection process, *inter alia*, in the states areas of digitalisation, financial services, reducing roaming prices, promoting development in rural areas and investing in human capital;
21. Takes the view that additional opportunities to deepen the relations between the EU and those partners that have made substantial progress in implementing AA/DCFTA-related reforms should be worked out, in order to provide sustained

momentum in the relationship, in line with the ‘EaP+’ model advocated by the European Parliament; welcomes in this respect the establishment of the EuroNest working group on Association Agreements, as well as the engagements undertaken by Moldova, Georgia and Ukraine to promote common security and defence policies;

22. Welcomes the setting up in June 2018 of the Georgia-Moldova-Ukraine inter-parliamentary assembly as an additional tool to oversee the parallel implementation of the respective Association Agreements and learn from each other’s experiences;

On the Transnistrian issue:

23. Remains deeply concerned that the independence, sovereignty and territorial integrity of the EU’s Eastern partners continues to be undermined by unresolved conflicts, most of which were initiated and are still actively sustained by the Russian Federation in contradiction with its international commitments to uphold the international legal order, notably in light of Russia’s primary responsibilities pertaining to the maintenance of international peace and security as a permanent member of the UN Security Council;
24. Recognizes the utmost importance of a peaceful settlement of the Transnistrian conflict, noting that the unconditional withdrawal of the regular troops, combat vehicles and ammunition of the Russian Federation from Moldova, will preclude any sort of sustainable settlement plan for this conflict. Reasserts that all steps made by the international actors to the ‘5+2’ process must be seen as indispensable for a reintegration plan, based on the respect for the territorial integrity and sovereignty of the Republic of Moldova within its international recognized borders; recognizes that the citizens of the Republic of Moldova must enjoy their right to live in a country protected against deep-seeded security, defence and hybrid threats, to move freely along the territory of the Republic of Moldova, be protected against unlawful search or discretionary arrests of the unrecognized structures of the self-proclaimed bodies in Tiraspol;
25. Calls on Russia to engage constructively within the 5+2 framework in order to find an effective and lasting solution for the settlement of the Transnistrian issue; calls on Russia to recognise and respect the sovereignty and territorial integrity of Moldova, to eliminate the ageing stockpiles of ammunition which is a threat to the

region's security and to withdraw its troops from the Moldovan territory; in this regard, demands that the EU assumes a more active role in the currently stiff advancement of discussions within the 5+2 framework.

On resilience and future of EU-Moldova relations

26. Calls the EU and Moldova to closely cooperate in reinforcing their resilience against disinformation campaigns and other malevolent hybrid activities run from third countries with the aim to create citizens' mistrust in public institutions and to polarise the society;
27. Calls for a mutual commitment to safeguard fundamental human rights and cooperation towards adopting the European and national 'Magnitsky Act', which should sanction perpetrators of serious human rights violations;
28. Notes that the European Union should enable the Republic of Moldova to join new policy areas and priorities; notes that upgrading the financial assistance of the European Union to the local public authorities and other non-state actors would make them less dependent on political subordination; Considers it is important to identify new financial instruments, helping societal actors in the EaP to advance faster and deeper towards the EU models of good governance and to create new mechanisms aimed to incentivize champions of local and regional development residing outside of the central government bodies;
29. Reiterates that pursuant to Article 49 of the TEU, Moldova – like any other European state – has a European perspective and may apply to become a member of the European Union provided it adheres to the principles of democracy and respects fundamental freedoms and minority rights and the rule of law;
30. Underlines that the European perspective of Moldova must be rooted first and foremost in an adherence to the values and principles which underpin the EU; stresses the need for the current authorities to prove through concrete actions their commitment to the EU path;
31. Recalls that the European Union remains committed to delivering tangible benefits to the Moldovan citizens; stresses, in this respect, the need to enhance financial support to local communities; believes that projects such as the European village, put forward by the previous Moldovan government, should be supported by the EU,

in synergy with interested Member States, in order to provide direct access to financing by local communities for projects related to infrastructure, social, SMEs; strongly believes that such projects will provide concrete examples of the benefits of EU integration, contribute to economic and social development throughout the country and enhance people to people contacts;