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# REPORT

containing the European Parliament's recommendations to the Council, the Commission and the EEAS on the negotiations between the EU and the Republic of Moldova on the Association Agreement (2011/2079(INI))

Committee on Foreign Affairs

Rapporteur: Graham Watson

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## MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

### **containing the European Parliament's recommendations to the Council, the Commission and the EEAS on the negotiations between the EU and the Republic of Moldova on the Association Agreement (2011/2079(INI))**

*The European Parliament,*

- having regard to the ongoing negotiations between the EU and the Republic of Moldova on the Association Agreement,
- having regard to the Council Conclusions of 15 June 2009 on the Republic of Moldova adopting the negotiating directives,
- having regard to the negotiating directives for the Deep and Comprehensive Free Trade Area with the Republic of Moldova adopted by the Council on 20 June 2011,
- having regard to the Partnership and Cooperation Agreement (PCA) signed on 28 November 1994 between the Republic of Moldova and the European Union, which entered into force on 1 July 1998,
- having regard to the Protocol to the EU and the Republic of Moldova PCA on the participation of the Republic of Moldova in Community Programmes and Agencies,
- having regard to the joint EU and Republic of Moldova European Neighbourhood Policy (ENP) Action Plan, which lays out the strategic objectives based on commitments to shared values and effective implementation of political, economic and institutional reforms,
- having regard to the EU and Republic of Moldova visa dialogue launched on 15 June 2010 and to the European Commission Action Plan on Visa Liberalisation of 16 December 2010,
- having regard to the Joint Declaration on a Mobility Partnership between the European Union and the Republic of Moldova,
- having regard to the European Commission Progress Report on the Republic of Moldova adopted on 25 May 2011,
- having regard to the Council Conclusions on the European Neighbourhood Policy adopted by the Foreign Affairs Council on 20 June 2011,
- having regard to the Joint Communication entitled ‘A new response to a changing neighbourhood’ of 25 May 2011,
- having regard to the Joint Declaration of the Prague Eastern Partnership Summit of 7 May 2009,

- having regard to the Foreign Affairs Council conclusions on the Eastern Partnership of 25 October 2010,
  - having regard to the EU Strategy for the Danube Region,
  - having regard to the first Steering Committee Report of the Eastern Partnership Civil Society Forum,
  - having regard to the Recommendations of the Eastern Partnership Civil Society Forum,
  - having regard to its previous resolutions on the Republic of Moldova, in particular its resolutions of 7 May 2009 on the situation in the Republic of Moldova<sup>1</sup> and of 21 October 2010 on implemented reforms and developments in the Republic of Moldova<sup>2</sup>, as well as to the recommendations of the EU-Republic of Moldova Parliamentary Cooperation Committee,
  - having regard to its resolution of 20 January 2011 on an EU Strategy for the Black Sea<sup>3</sup>,
  - having regard to Article 49 of the Treaty on European Union;
  - having regard to Rules 90(4) and 48 of its Rules of Procedure,
  - having regard to the report of the Committee on Foreign Affairs and the opinion of the Committee on International Trade (A7-0289/2011),
- A. whereas the new philosophy of the ENP, which according to the principle "more for more" aims to treat as a priority those countries which are most effective in meeting its demands, creates a window of opportunity for the Republic of Moldova to become the success story of the EU policy towards its neighbours,
- B. whereas the European Union has made human rights and democracy a central aspect of its European Neighbourhood Policy,
- C. whereas within the ENP the Eastern Partnership has created a meaningful political framework for deepening relations, accelerating political association and furthering economic integration between the EU and the Republic of Moldova, which are linked by strong geographical, historical and cultural ties, by supporting political and socio-economic reforms and facilitating approximation towards the EU,
- D. whereas the Eastern Partnership strengthens the multilateral relations between the countries involved, contributes to the exchange of information and experience on the issues of transformation, reform and modernisation, and provides the European Union with additional instruments to support these processes,
- E. whereas the Eastern Partnership provides for strengthening of bilateral relations by means of new Association Agreements, taking into account the specific situation and ambition

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<sup>1</sup> OJ C 212 E, 5.8.2010, p. 54.

<sup>2</sup> Texts adopted, P7\_TA(2010)0385.

<sup>3</sup> Texts adopted, P7\_TA(2011)0025.

- of the partner country and its ability to comply with the resulting commitments,
- F. whereas people-to-people contacts are the basis for achieving the goals of the Eastern Partnership and recognising that this is not fully realisable without a liberalisation of the visa regime,
  - G. whereas the Republic of Moldova and other Eastern Partnership countries will benefit from a privileged EU offer on visa liberalisation in terms of calendar and substance, in advance of any other neighbouring third countries,
  - H. whereas the active engagement of the Republic of Moldova and its commitment to shared values and principles, including democracy, the rule of law, good governance and respect for human rights, including those of minorities, is essential in order to take the process forward and to ensure the success of the negotiation and subsequent implementation of the Association Agreement, which should be tailored to the needs and capabilities of the country and will have a sustainable impact on its development,
  - I. whereas in deepening its relations with the Republic of Moldova, the EU should promote stability and confidence-building, including by contributing proactively to finding a timely, viable solution to the Transnistrian conflict, which is a source of regional instability,
  - J. whereas the negotiations with the Republic of Moldova on the Association Agreement are proceeding at a steady pace and have achieved good progress to date, as have those on the Visa Dialogue; whereas, however, the negotiations on the Deep and Comprehensive Free Trade Area (DCFTA) have not yet begun,
    - 1. Addresses, in the context of the ongoing negotiations on the Association Agreement, the following recommendations to the Council, the Commission and the European External Action Service (EEAS):
      - (a) to base the EU engagement and ongoing negotiations with the Republic of Moldova on the assertion that the EU perspective, including Article 49 of the Treaty on the European Union, which should go hand in hand with the implementation of structural reforms, is both a valuable lever in the implementation of reforms and necessary catalyst for public support for these reforms;
      - (b) to apply in relations with the Republic of Moldova the principles of “more for more” and differentiation based on the individual merits and accomplishments of the Republic of Moldova over the last two years;
      - (c) to welcome the stable and progressive cooperation on the part of the Republic of Moldova in the ongoing negotiations on the Association Agreement and on the various elements of cooperation, including foreign and security policy, energy cooperation, human rights and trade, which has led to the successful and timely closure of most chapters of the negotiations;
      - (d) to take the necessary action to ensure that the negotiations with the Republic of Moldova continue at the current steady pace and, to that end, enhance continuous dialogue with all

political parties, and encourage inter-party dialogue in the Republic of Moldova, given that political stability within the state is essential to continuing the reform process;

- (e) to ensure that the Association Agreement is a comprehensive and forward-looking framework for the further development of relations with the Republic of Moldova in the years to come;
- (f) to realise the powerful impact of the joint and coordinated support of Member States, as embodied by the action of the Group of Friends of the Republic of Moldova;
- (g) to redouble efforts to find a sustainable solution to the Transnistrian conflict and, to that end, to envisage a more robust and direct involvement in the political settlement of the Transnistrian conflict in accordance with the principle of the territorial integrity of the Republic of Moldova, as well as to adopt confidence-building measures, including the joint definition of rehabilitation programmes and promotion of people-to-people contacts, with a view to strengthening civil society and cultural exchanges, taking into account that there is no actual conflict on the ground in the Transnistrian region;
- (h) to ensure that the proactive role of the EU in 5+2 talks is adequately resourced, especially since the termination of the mandate of the EU Special Representative (EUSR);
- (i) to urge the Russian Federation to adopt more constructive and result-oriented action with a view to taking the negotiations forward and creating the conditions for a lasting and comprehensive settlement;
- (j) to ensure that the Transnistrian region, as an integral part of the Republic of Moldova, is covered by the reach and the effects of the Association Agreement, and particularly of the DCFTA;
- (k) to take the necessary action to support the Republic of Moldova in meeting the benchmarks of visa liberalisation, which should preferably be before the conclusion of the Agreement;
- (l) to inform the citizens of the Republic of Moldova of the Association Agreement and the Action Plan on Visa Liberalisation in order to build support for the reform agenda;
- (m) to ensure that negotiations on a Deep and Comprehensive Free Trade Area begin by the end of 2011 and at the same time to assess the impact of the DCFTA on the Moldovan economy, as well as its social and environmental repercussions;
- (n) to welcome the adoption of the Action Plan for implementing key recommendations on trade prepared by the EU, and to launch negotiations with the Republic of Moldova without further delay on including the DCFTA as an integral part of the Association Agreement, in order to promote full political and economic integration of the Republic of Moldova with the EU and to enable the Republic of Moldova to attract foreign investment and become more productive, in order to end its dependence on remittances and make the transition to an export-competitive market economy, recognising, nevertheless, that the Republic of Moldova should first demonstrate that it has enough capacity to adapt its legal and economic structures to the demands of trade integration

with the EU;

- (o) to draw up an ambitious and fair negotiating agenda for the DCFTA, focusing on removing deterrents to bilateral trade and investment, namely legal and regulatory differences in technical, sanitary and phyto-sanitary standards, and on the remaining tasks regarding Moldova's financial system and competition law; to welcome in this regard the progress already achieved by the Republic of Moldova in the areas of company law, consumer protection, customs, economic dialogue, financial services, management of public finances and energy cooperation, which are covered by the Association Agreement negotiations with the EU;
- (p) to offer greater support to the Republic of Moldova in boosting its competitiveness in order to benefit from the advantages DCFTA could offer;
- (q) to highlight the need for the Republic of Moldova to pursue further domestic reforms, thereby enhancing its business and investment climate, and to solve internal issues impeding economic and trade relations with the EU, such as the fact that the country has no president and the dispute over Transnistria;
- (r) to maintain strong pressure on the Moldovan authorities, coupled with support, to consolidate reforms and achieve tangible progress in the fight against corruption, reform of judicial, prosecution and police services to the benefit of the people;
- (s) to emphasise in the Agreement the importance of the rule of law, good governance and the fight against corruption and continue supporting the reform of the judiciary as one of the priorities; to convey to the Moldovan Government the strong desirability of continuing the full, transparent and impartial investigation already in progress into the events of April 2009;
- (t) to include standard conditionality clauses on protection and promotion of human rights reflecting the highest international and European standards, building upon the EU and the Republic of Moldova Human Rights Dialogue and taking full advantage of the Council of Europe and OSCE framework, and to encourage the Moldovan authorities to promote the rights of persons belonging to national minorities, in compliance with the Council of Europe Framework Convention on National Minorities and of the Charter of Fundamental Rights of the EU;
- (u) to encourage the Moldovan authorities to adopt comprehensive and effective anti-discrimination legislation both in line and in spirit with the EU legislation and the Charter of Fundamental Rights of the EU; inter alia, such legislation should include provisions against discrimination based on sexual orientation; to support institutionalisation of educational programmes to combat intolerance and discrimination, as well as to support the work of civil society in promoting mutual respect and understanding and countering intolerance in families, communities, schools and social circles;
- (v) to ensure that the promotion of the values of free media remain a priority in the ongoing negotiations with the Republic of Moldova and to encourage the Moldovan authorities to strengthen and support independent media, to ensure the neutrality of the public media

and promote a pluralistic media environment which will increase the transparency of the decision-making process; to encourage the Moldovan authorities to ensure that all responsible agencies in the field of the media comply with EU standards on media freedom and pluralism;

- (w) to encourage the Commission to help in developing the new media sector and to provide technical support for the development of broadband internet in the Republic of Moldova;
- (x) to encourage the Moldovan authorities to demonstrate greater commitment to the transparent management of public finances and the improvement of public procurement legislation in order to ensure good governance, greater accountability, equal access and fair competition;
- (y) to take note of the positive impact the autonomous trade preferences granted to the Republic of Moldova in 2008 have had on the country's exports, regretting the fact that their use has been hampered by the differences in standards between the two parties; to bear in mind that the Republic of Moldova needs to continue to encourage faster economic development and European integration;
- (z) to emphasise the need for a transparent business environment and appropriate regulatory reform, in order to encourage foreign direct investments;
- (aa) to emphasise in the Agreement the great importance of implementing and enforcing intellectual property legislation, given the current high level of piracy and counterfeiting;
- (ab) to build upon concrete actions taken on the basis of the Protocol to the EU-Republic of Moldova PCA on the Participation of the Republic of Moldova in Community Programmes and Agencies that should be reflected in the Association Agreement;
- (ac) to reflect in the Association Agreement the highest environmental standards, bearing in mind inter alia the participation of the Republic of Moldova in the Strategy for the Danube Region, and to call for the modernisation of major industrial installations, among others those located on the right bank of the river Dniester; to further consider the importance of regional cooperation in the Black Sea area and of the Republic of Moldova's active participation in EU policies for this space, including within an eventual EU Strategy for the Black Sea;
- (ad) in view of the importance to economic development of reopening the railway line between Chisinau and Tiraspol, to examine what further steps are needed to improve public transport and ensure smooth traffic of goods through the country, and whether the European Border Assistance Mission Moldova and Ukraine (EUBAM) could be of any further assistance;
- (ae) to support further the demarcation of the whole Moldovan-Ukrainian border and to examine an extension of the EUBAM mandate, which is about to expire;
- (af) to ensure that the Moldovan authorities take concrete measures to discourage contraband within the state;



- (ag) to promote greater reform in the energy sector, aimed at strengthening the energy security of the Republic of Moldova, particularly through the promotion of energy conservation and energy efficiency and of renewable energy sources, diversification of infrastructure and participation of the Republic of Moldova in EU regional projects, and to reduce energy costs which keep inflation high;
- (ah) to assist the Moldovan authorities in their efforts to connect the Moldovan energy grid to the interconnected electricity network of continental Europe;
- (ai) to encourage and help the Moldovan authorities to address the needs of the 34.5 % of the population living in absolute or extreme poverty; EU assistance to the Republic of Moldova should better reflect this reality and its programmes should be refocused accordingly;
- (aj) to make sure that economic recovery is reflected in job creation and that the Republic of Moldova continues convergence towards EU standards in the area of employment, including on non-discrimination and health and safety in the workplace;
- (ak) to emphasise to the Moldovan authorities the need to liberalise air traffic services, which would have a significant impact on the mobility of Moldovan society;
- (al) to highlight the positive multi-country initiatives undertaken as part of the Eastern Partnership, in particular the Comprehensive Institution-Building Programme and customs cooperation measures;
- (am) to provide sufficient financial and technical support to the Republic of Moldova to ensure it can meet the commitments stemming from the negotiation of the Association Agreement and its full implementation, by continuing to provide Comprehensive Institution-Building programmes and by ensuring that the EU financing programmes reflect this goal;
- (an) to increase EU assistance and expertise to civil society organisations in the Republic of Moldova in order to enable them to provide internal monitoring of, and greater accountability for, the reforms and commitments the government has undertaken;
- (ao) to include clear benchmarks for implementation of the Association Agreement and provide for monitoring mechanisms, including the provision of regular reports to Parliament;
- (ap) to invite the EU High Level Advisory Group to the Republic of Moldova to report to the European Parliament on its activities on a regular basis;
- (aq) to further encourage a profound level of cooperation with and within the Eastern Partnership, as well as to regularly inform the European Parliament on its progress;
- (ar) to consult the European Parliament regarding the arrangements on parliamentary cooperation;
- (as) to encourage the EU negotiating team to continue its good cooperation with the European Parliament, providing continuous feedback on progress in accordance with Article 218(10) TFEU, which states that Parliament shall be immediately and fully informed at all stages of the procedure;

2. Instructs its President to forward this resolution containing the European Parliament's recommendations to the Council, the EEAS and the Commission and, for information, to the Republic of Moldova.

12.7.2011

## **OPINION OF THE COMMITTEE ON INTERNATIONAL TRADE**

for the Committee on Foreign Affairs

on the European Parliament's recommendations to the Council, the Commission and the EEAS on the negotiations of the EU-Moldova Association Agreement (2011/2079(INI))

Rapporteur: David Martin

### **SUGGESTIONS**

The Committee on International Trade calls on the Committee on Foreign Affairs, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Welcomes the adoption of the Action Plan for implementing key recommendations on trade prepared by the EU, and therefore urges the Commission to launch negotiations with Moldova without further delay on including the Deep and Comprehensive Free Trade Area (DCFTA) as an integral part of the Association Agreement, in order to promote full political and economic integration of Moldova with the EU and to enable Moldova to attract foreign investment and become more productive in order to end its dependence on remittances and make the transition to an export-competitive market economy; recognises, nevertheless, that Moldova should first demonstrate that it has enough capacity to adapt its legal and economic structures to the demands of trade integration with the EU;
2. Welcomes the stable and progressive cooperation on the part of Moldova in the ongoing negotiations on the Association Agreement (AA) and on the various elements of cooperation, including foreign and security policy, energy cooperation, human rights and trade, which has led to the successful and timely closure of most chapters of the negotiations;
3. Notes the positive impact the autonomous trade preferences granted to Moldova in 2008

have had on the country's exports; regrets the fact that their use has been hampered by the differences in standards between the two parties; considers that Moldova needs to continue to encourage faster economic development and European integration;

4. Calls, therefore, for an ambitious and fair negotiating agenda to be drawn up for the DCFTA, focusing on removing deterrents to bilateral trade and investment, namely legal and regulatory differences in technical, sanitary and phyto-sanitary standards, and on the remaining tasks regarding Moldova's financial system and competition law; welcomes in this regard the progress already achieved by Moldova in the areas of company law, consumer protection, customs, economic dialogue, financial services, management of public finances and energy cooperation, which are covered by the AA negotiations with the EU;
5. Draws attention to the positive multi-country initiatives undertaken as part of the Eastern Partnership, in particular the Comprehensive Institution-Building Programme and customs cooperation measures;
6. Highlights the need for Moldova to pursue further domestic reforms, thereby enhancing its business and investment climate, and to solve internal issues impeding economic and trade relations with the EU, such as the fact that the country has no President and the dispute over Transnistria;
7. Encourages the ongoing Visa Dialogue, and hopes that a visa-free regime, which would further integrate Moldovans into the EU, can be established quickly;

## RESULT OF FINAL VOTE IN COMMITTEE

<b>Date adopted</b>	12.7.2011
<b>Result of final vote</b>	+: 20 -: 0 0: 5
<b>Members present for the final vote</b>	William (The Earl of) Dartmouth, Laima Liucija Andrikienė, Daniel Caspary, Christofer Fjellner, Metin Kazak, Bernd Lange, David Martin, Vital Moreira, Paul Murphy, Franck Proust, Godelieve Quisthoudt-Rowohl, Helmut Scholz, Peter Šťastný, Keith Taylor, Paweł Zalewski
<b>Substitute(s) present for the final vote</b>	George Sabin Cutaş, Małgorzata Handzlik, Syed Kamall, Maria Eleni Koppa, Elisabeth Köstinger, Jörg Leichtfried
<b>Substitute(s) under Rule 187(2) present for the final vote</b>	Vicky Ford, Esther Herranz García, María Irigoyen Pérez, Ivo Vajgl

## RESULT OF FINAL VOTE IN COMMITTEE

<b>Date adopted</b>	13.7.2011
<b>Result of final vote</b>	+: 54 -: 1 0: 5
<b>Members present for the final vote</b>	Gabriele Albertini, Pino Arlacchi, Sir Robert Atkins, Bastiaan Belder, Frieda Brepoels, Mário David, Michael Gahler, Marietta Giannakou, Andrzej Grzyb, Takis Hadjigeorgiou, Anna Ibrisagic, Anneli Jäätteenmäki, Jelko Kacin, Tunne Kelam, Nicole Kiil-Nielsen, Evgeni Kirilov, Maria Eleni Koppa, Andrey Kovatchev, Paweł Robert Kowal, Wolfgang Kreissl-Dörfler, Eduard Kukan, Vytautas Landsbergis, Krzysztof Lisek, Sabine Lösing, Ulrike Lunacek, Barry Madlener, Mario Mauro, Francisco José Millán Mon, María Muñoz De Urquiza, Norica Nicolai, Ria Oomen-Ruijten, Justas Vincas Paleckis, Ioan Mircea Pașcu, Vincent Peillon, Alojz Peterle, Bernd Posselt, Hans-Gert Pöttering, Cristian Dan Preda, Fiorello Provera, Tokia Saïfi, José Ignacio Salafranca Sánchez-Neyra, Nikolaos Salavrakos, Werner Schulz, Marek Siwiec, Charles Tannock, Geoffrey Van Orden, Kristian Vigenin, Sir Graham Watson, Boris Zala
<b>Substitute(s) present for the final vote</b>	Laima Liucija Andrikiienė, Elena Băsescu, Véronique De Keyser, Diogo Feio, Hélène Flautre, Georgios Koumoutsakos, Norbert Neuser, László Tőkés, Traian Ungureanu, Renate Weber, Luis Yáñez-Barnuevo García
<b>Substitute(s) under Rule 187(2) present for the final vote</b>	Rafał Trzaskowski