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# **DRAFT REPORT**

on the implementation of the EU association agreement with Moldova  
(2017/2281(INI))

Committee on Foreign Affairs

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## EXPLANATORY STATEMENT - SUMMARY OF FACTS AND FINDINGS

Four years after the signing by the EU of three Association Agreements (AA) including a Deep and Comprehensive Free Trade Area (DCFTA) with Moldova, Georgia and Ukraine and two years after their full entry into force, the European Parliament has decided to evaluate the level of implementation of these agreements, in line with its strong commitment to its closest Eastern partners and to their deepening relations with the EU.

In preparation for this report, on top of its regular and frequent meetings with Moldovan authorities, opposition leaders and civil society representatives as well as European Commission and EEAS representatives, the Foreign Affairs Committee undertook a fact-finding mission to Moldova in May 2018 and commissioned three expert studies published over the last 6 months - on electoral reform, on the level of implementation of the AA and on the institutional framework for this implementation.

The findings of the Foreign Affairs Committee provide a contrasted image of the implementation of the Association Agreement with Moldova. There have incontestably been positive developments in some areas, notably the resolute actions taken to systemically improve the financial sector and hence minimise the risk of a repetition of a large-scale bank fraud such as the one unveiled in 2014, as well as the impressive increase in bilateral trade through the implementation of the DCFTA. However, these developments have been overshadowed by an increasing backsliding on core values related to democratic standards - values which are an 'essential element' of the AA and to which are also linked both the EU's financial assistance to the Moldovan state and the visa-free regime for the Moldovan citizens.

In this report, the Foreign Affairs Committee highlights in particular its concerns about:

1. Elections: the electoral reform that is not in line with OCSE/ODHIR and Venice Commission recommendations, the annulment of recent local elections on dubious grounds and in a non-transparent way, pressure on opposition leaders or local authorities (notably mayors), excessive and non-transparent party financing,
2. Rule of Law: the lack of independence of the Judiciary, the influence exerted by business interests and some political leaders, the limited progress in fighting corruption and in prosecuting of all those responsible for the \$1 billion bank fraud, the disproportionate criminal proceedings against political opponents, their lawyers and/or their families as well as human rights defenders, independent judges, journalists and critics of the Moldovan authorities;
3. Media and civil society: the monopolisation of media and weakening of independent news outlets, the delayed adoption of the new audio visual code, the attempts to limit the freedom of action and discredit representatives of civil society.

Whilst calling on the Moldovan authorities to address these concerns as a matter of urgency in line with AA and other bilateral commitments, the report also outlines the European Parliament's position in response to these developments:

1. Any decision on future Macro Financial Assistance disbursement should only take place after the planned parliamentary elections and on condition that they are conducted in line with internationally recognised standards and assessed by specialised international bodies - in this context, the European Parliament reiterates its readiness to observe the next parliamentary elections;
2. The payment of all budget support programs should also remain on hold until meaningful progress in democratic standards takes place;
3. In the meantime, funds should be reallocated to support civil society in Moldova, as well as the private sector and local authorities;
4. The suspension clauses to EU-Moldova agreements are recalled, notably Articles 2 and 455 of the AA and the anti-corruption and anti-money laundering benchmarks related to the visa liberalisation.

Finally, the report addresses the institutional framework in place to implement the AA, both from the Moldovan and the EU side, with a focus on capacity in terms of human resources and expertise, to ensure full implementation of relevant legislation and the monitoring thereof. In particular, a dedicated EU Support Group for Moldova is proposed, subject to progress on democratic standards, in order to increase the delivery of expertise to the Moldovan state.

EU-Moldova relations are of course the subject of democratic debate both in the EU and in Moldova. Nevertheless, in the EU, limited cases of political stances motivated by national considerations and so-called 'geopolitical' arguments do not distract the vast majority in its determination to focus on what matters for the EU and Moldovan citizens: the fulfilment of mutual commitments to uphold common values of democracy, Rule of Law, good governance and the protection of Human Rights and fundamental freedoms.

## MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

### on the implementation of the EU association agreement with Moldova (2017/2281(INI))

*The European Parliament,*

- having regard to Article 8 and to Title V, notably Articles 21, 22, 36 and 37, of the Treaty on European Union (TEU), as well as to Part Five of the Treaty on the Functioning of the European Union (TFEU),
- having regard to the Association Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and the Republic of Moldova, of the other part, which fully entered into force on 1 July 2016,
- having regard to its previous resolutions, notably those of 5 July 2018 on the political crisis in Moldova following the invalidation of the mayoral elections in Chişinău<sup>1</sup>, of 15 November 2017 on the Eastern Partnership in the run-up to the November 2017 Summit<sup>2</sup>, of 4 July 2017 on providing macro-financial assistance to the Republic of Moldova<sup>3</sup> and of 21 January 2016 on Association Agreements / Deep and Comprehensive Free Trade Areas with Georgia, Moldova and Ukraine<sup>4</sup>,
- having regard to the Moldovan National Action Plan on the Implementation of the Moldova-European Union Association Agreement in 2017-2019 (NAPIAA),
- having regard to the European Commission and European External Action Service (EEAS) joint staff working document on the Association Implementation Report on Moldova of 3 April 2018 (SWD(2018)0094),
- having regard to the Joint Declarations of the Eastern Partnership Summits, most recently that of 24 November 2017 in Brussels,
- having regard to the conclusions of the Foreign Affairs Council on the Republic of Moldova of 26 February 2018,
- having regard to the opinions and recommendations of the Organisation for Security and Cooperation in Europe Office for Democratic Institutions and Human Rights (OSCE/ODIHR) and of the Council of Europe's Venice Commission, notably that of the 15 March 2018 on the electoral reform in Moldova,
- having regard to the recommendations by and activities of the Euronest Parliamentary Assembly, of the Eastern Partnership Civil Society Forum and other representatives of civil society in Moldova,
- having regard to the outcome of the mission of the Committee on Foreign Affairs to

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<sup>1</sup> Texts adopted, P8\_TA(2018)0303.

<sup>2</sup> Texts adopted, P8\_TA(2017)0440.

<sup>3</sup> Texts adopted, P8\_TA(2017)0283.

<sup>4</sup> OJ C 11, 12.1.2018, p. 82.

Moldova on 3 and 4 May 2018,

- having regard to the expert studies drawn up for the Committee on Foreign Affairs, including the study on ‘The electoral reforms in three association countries of the Eastern Neighbourhood – Ukraine, Georgia and Moldova and their impact on political developments in these countries’, published on 26 October 2017<sup>1</sup>, the European Implementation Assessment entitled ‘Association agreements between the EU and Moldova, Georgia and Ukraine’, published on 28 June 2018<sup>2</sup> and the comparative study entitled ‘The Development of an Institutional Framework for the Implementation of the Association Agreements in Georgia, Moldova and Ukraine’, published in July 2018<sup>3</sup>,
- having regard to Rule 52 of its Rules of Procedure, as well as Article 1(1)(e) of, and Annex 3 to, the decision of the Conference of Presidents of 12 December 2002 on the procedure for granting authorisation to draw up own-initiative reports,
- having regard to the report of the Committee on Foreign Affairs and the opinion of the Committee on International Trade (A8-0000/2018),

### *General principles and common values*

1. Underlines the importance of the Association Agreement / Deep and Comprehensive Free Trade Area (AA/DCFTA), and welcomes the progress achieved by Moldova to date; insists, however, that full implementation of the AA/DCFTA must be a top priority, enabling a further deepening of the country’s relations with the EU, for the benefit of all Moldovan citizens, as well as unlocking additional perspectives in line with the Eastern Partnership Plus (EaP+) policy advocated by Parliament;
2. Praises the courageous agents for positive change in Moldova, notably those leading the efforts to reform the banking sector following the 2014 bank fraud; calls on Moldovan politicians and the judiciary as a whole to join in with such efforts to reform the country and fight corruption in line with the AA commitments;
3. Expresses grave concern about backsliding in relation to democratic standards in Moldova, with core values, to which Moldova had subscribed as part of the AA, such as democracy – including fair and transparent elections respecting the will of the citizens – and the rule of law – including the independence of the judiciary – being undermined by the ruling political leaders colluding with business interests and unopposed by much of the political class and the judiciary; reiterates its determination to focus on the fulfilment of commitments to uphold common values rather than unconvincing so-called ‘geopolitical’ arguments;
4. Regrets that the non-fulfilment of the political conditions related to democratic standards in Moldova, in particular the recent changes in national electoral legislation as well as the removal of Dorin Chirtoacă from the Chişinău mayor’s office and the

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<sup>1</sup> Study entitled ‘The electoral reforms in three association countries of the Eastern Neighbourhood – Ukraine, Georgia and Moldova’, European Parliament, 26 October 2017.

<sup>2</sup> European Implementation Assessment entitled ‘Association agreements between the EU and Moldova, Georgia and Ukraine’, European Parliament, 28 June 2018.

<sup>3</sup> Study entitled ‘The Development of an Institutional Framework for the Implementation of the Association Agreements in Georgia, Moldova and Ukraine’, European Parliament, July 2018.

invalidation of the election of Andrei Năstase, has led to the suspension of the disbursement of Macro Financial Assistance (MFA) and of outstanding payments of EU budget support;

5. Reiterates its position that any decision on future MFA disbursement should only take place after the planned parliamentary elections and on condition that they are conducted in line with internationally recognised standards and assessed by specialised international bodies, and that the payment of all budget support programmes should remain on hold until meaningful progress in democratic standards takes place; calls, in the meantime, on the Commission and the European External Action Service (EEAS) to continue reallocating funds to support civil society in Moldova, in particular to the free and independent media, as well as the private sector and local authorities, and to coordinate efforts with other organisations, such as the International Monetary Fund (IMF), to ensure greater coherence in terms of financial assistance conditionality;
6. Recalls the contents of Articles 2 and 455 of the AA, according to which respect for democratic principles constitutes an essential element of the AA, which, if violated, may also lead to the suspension of rights related to this agreement; also recalls the anti-corruption and anti-money laundering benchmarks related to the visa liberalisation policy;

#### ***Political dialogue and reform, cooperation in the field of common foreign and security policy (CFSP)***

7. Urges the Moldovan authorities to swiftly adopt and fully implement the new audiovisual code in line with European standards of media freedom and pluralism as recommended by the European Commission and the Venice Commission; emphasises the importance of genuine consultations with civil society and the independent media before the final adoption of the new audiovisual code, and the need to discard all aspects that may undermine media pluralism;
8. Welcomes the good cooperation on CFSP matters and the symbolic participation in common security and defence policy (CSDP) missions and operations; takes note of the progress in adopting a new Defence Strategy and Action Plan 2017-2021 following the withdrawal of the National Security Strategy by the President of Moldova;
9. Commends the Moldovan authorities for the incremental improvement of relations with Tiraspol notably with the opening of the Gura Bîcului-Bîcioc bridge and the signature of an additional six protocols, thus improving the lives of citizens on both sides of the Nistru river; encourages the authorities to further build on this level of engagement; calls on the Moldovan authorities to undertake additional efforts to ensure a swift and final adoption of the Law of the Special Legal Status of Gagauzia;

#### ***Rule of law and good governance***

10. Urges the authorities to ensure the independence and effectiveness of the judiciary and specialised anti-corruption institutions, including the Superior Council of Prosecutors, the National Integrity Authority and the Criminal Assets Recovery Agency, notably through maintaining the allocation of adequate resources and guaranteeing transparent selection procedures with the participation of independent expert recruiters;

11. Reiterates its calls, based on the findings and recommendations of the first and second Kroll reports, for a swift prosecution of all those responsible for the USD 1 billion bank fraud unveiled in 2014, as well as the recovery of stolen assets;
12. Calls for direct online consultations of the electronic declarations of senior political and administrative individuals' assets to be enabled, following Ukraine's example;
13. Calls on the Moldovan authorities to respect international principles and uphold best practices that guarantee an enabling environment for civil society; expects, in particular, that no future legislation will curb funding for Moldovan NGOs;

#### ***Respect for human rights and fundamental freedoms***

14. Expresses concern about signs of a further shrinking of space for the country's civil society, and calls on the authorities to immediately halt undue or disproportionate criminal proceedings against political opponents, their lawyers and/or their families; expresses specific concerns about proceedings that target human rights defenders, independent judges such as Domnica Manole and Gheorghe Balan, journalists and critics of the government or of the President of the Democratic Party of Moldova;
15. Welcomes the adoption of a new National Gender Equality Strategy in 2017, and calls on the authorities to ensure its full implementation;
16. Calls on the authorities to significantly step up efforts to uphold human rights and fundamental freedoms, notably for vulnerable groups, by fighting hate speech and discrimination against LGBTIQI people, persons with disabilities and minorities such as the Roma population;

#### ***Energy and other areas of cooperation***

17. Welcomes the promulgation of the Energy Law in 2017 as a further step towards the transposition of the Third Energy Package;
18. Calls for more determined action in the areas of environmental protection, notably as regards the management of water from the Nistru river, and climate change, notably in terms of implementing and coordinating legislation;

#### ***Institutional provisions***

19. Instructs its President to forward this recommendation to the Council, the European Commission and the Vice-President of the Commission / High Representative of the Union for Foreign Affairs and Security Policy, and to the President, Government and Parliament of the Republic of Moldova.