



TEXTS ADOPTED

P8_TA(2018)0458

Implementation of the EU-Moldova Association Agreement

European Parliament resolution of 14 November 2018 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 Chişinău¹, of 15 November 2017 on the Eastern Partnership in the run-up to the November 2017 Summit², of 4 July 2017 on providing macro-financial assistance to the Republic of Moldova³ and of 21 January 2016 on Association Agreements / Deep and Comprehensive Free Trade Areas with Georgia, Moldova and Ukraine⁴,
- having regard to the signing, in November 2017, of a Memorandum of Understanding, a Loan Facility Agreement and a Grant Agreement on micro-financial assistance worth EUR 100 million for the period 2017-2018,
- 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

¹ Texts adopted, P8_TA(2018)0303.

² OJ C 356, 4.10.2018, p. 130.

³ OJ C 334, 19.9.2018, p. 199.

⁴ OJ C 11, 12.1.2018, p. 82.

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 report of Transparency International entitled 'The State of Corruption: Armenia, Azerbaijan, Georgia, Moldova and Ukraine', published on 2 July 2015,
 - having regard to the opinions and recommendations of the Organisation for Security and Cooperation in Europe Office for Democratic Institutions and Human Rights (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, 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 Moldova on 3 and 4 April 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 2017¹, the European Implementation Assessment entitled 'Association agreements between the EU and Moldova, Georgia and Ukraine', published on 28 June 2018² 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 2018³,
 - 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 (A8-0322/2018),
- A. whereas political and economic relations between the European Union and the Republic of Moldova have deepened in the framework of the Eastern Partnership and in particular with the signing, on 27 June 2014, and entry into force, on 1 July 2016, of the EU-Moldova Association Agreement (AA) including a Deep and Comprehensive Free Trade Area (DCFTA);

¹ Study entitled '*The electoral reforms in three association countries of the Eastern Neighbourhood – Ukraine, Georgia and Moldova*', European Parliament, 26 October 2017.

² European Implementation Assessment entitled '*Association agreements between the EU and Moldova, Georgia and Ukraine*', European Parliament, 28 June 2018.

³ Study entitled '*The Development of an Institutional Framework for the Implementation of the Association Agreements in Georgia, Moldova and Ukraine*', European Parliament, July 2018.

- B. whereas the AA is based on common values which include ‘respect for the democratic principles, human rights and fundamental freedoms, as proclaimed in the Universal Declaration of Human Rights and as defined in the European Convention for the Protection of Human Rights and Fundamental Freedoms, the Helsinki Final Act of 1975 of the Conference on Security and Cooperation in Europe, and the Charter of Paris for a New Europe of 1990’;
- C. whereas, through this agreement, Moldova committed to major domestic reforms on the basis of EU laws and practice, in a wide range of areas conducive to good governance, economic development and strengthened cooperation with the EU; whereas, in support of these efforts, the EU committed to provide substantial financial and budgetary assistance to Moldova, amounting to EUR 1,4 billion of allocated funds since 2007, plus regional programme funding;
- D. whereas the DCFTA allows for privileged access for goods and services from Moldova to the EU market; whereas, as a consequence of the DCFTA, EU-Moldova trade increased by 20 % in 2017, to EUR 4 billion; whereas the EU is currently Moldova’s biggest trading partner, accounting for over 55 % of total trade; whereas the EU is also the biggest investor in Moldova; whereas initial data for 2018 confirms the positive trend; whereas Moldova’s preferences utilisation rate of 90 % shows how the DCFTA has been beneficial to Moldovan businesses, workers and citizens; whereas progress has been made in essential areas such as sanitary and phytosanitary measures, technical barriers to trade, customs and public procurement; whereas domestic advisory groups (DAGs) were set up in accordance with the provisions of the trade and sustainable development chapter and have met three times to date;
- E. whereas, in exchange for reforms in Moldova in the areas of justice and security including in the fight against corruption, the EU also agreed in 2014 to visa-free travel to the Schengen area for Moldovan citizens holding a biometric passport; whereas more than 1,5 million Moldovan citizens have benefited from this visa-free regime over the first four years of its implementation;
- F. whereas the EU has repeatedly expressed concern as regards the deterioration of democratic standards through recent decisions by the Moldovan authorities, including the June 2018 invalidation of the local elections in Chişinău on dubious grounds and in a non-transparent way, the July 2017 electoral reform adopted despite the negative recommendations of the ODIHR and the Venice Commission, the lack of progress in the prosecution of those responsible for the USD 1 billion bank fraud unveiled in 2014 and the increase in breaches of human rights, notably targeting independent judges, journalists and political opponents;
- G. whereas, as a result of these developments, in 2017, the EU did not pay the last two instalments under the budget support programme for justice sector reforms because the Moldovan authorities showed insufficient commitment to reforming this sector and, in 2018, the EU suspended the disbursement of the first instalment of the macro-financial assistance due to the non-fulfilment of the political conditions annexed to the 4 July 2017 decision of the European Parliament and of the Council which specified that ‘a pre-condition for granting macro-financial assistance is that the beneficiary country respects effective democratic mechanisms, including a multi-party parliamentary system and the rule of law and guarantees respect for human rights’;

- H. whereas, since these decisions, more recent developments have further raised concerns, notably the so-called ‘fiscal reform package’ adopted in July 2018, the tax amnesty scheme of which increases the risk of money laundering, as well as the further pressure exerted on the opposition and its peaceful demonstrations and on small independent media outlets struggling to maintain their activities despite the adoption, in July 2018, of the new Audiovisual Media Services Code;
- I. whereas Transparency International ranked Moldova 122nd out of 180 in its 2017 Corruption Perceptions Index, together with Azerbaijan and Mali; whereas Reporters Without Borders ranked Moldova 81st out of 180 in its World Press Freedom Index, down from 56th place in 2014;

General principles and common values

1. Underlines the importance of the AA/DCFTA, and takes note of the progress achieved by Moldova to date; insists, however, that full implementation of the AA/DCFTA, with regard, in particular, to political reforms, 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, which should be pursued, in line with the calls from the EU and International Monetary Fund (IMF) to reform the banking sector following the 2014 bank fraud worth USD 1 billion (equal to 12 % of GDP); welcomes the IMF’s successful evaluation of July 2018 of the implementation of the IMF-supported programme; calls on Moldovan politicians and the judiciary as a whole to join in with these efforts to reform the country and fight corruption in line with the commitments of the AA, as a lack of political will is one of the main bottlenecks for credible reform; calls on all political forces to engage in constructive dialogue in the interest of the country;
3. Expresses grave concern about backsliding in relation to democratic standards in Moldova, with core values, to which Moldova had subscribed notably as part of the AA, such as democracy – including fair and transparent elections respecting the will of the citizens, as well as a multi-party democratic system – and the rule of law – including the independence and impartiality 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, resulting in the Republic of Moldova being a state captured by oligarchic interests with a concentration of economic and political power in the hands of a small group of people exerting their influence on parliament, the government, political parties, the state administration, the police, the judiciary and the media and leading to highly unsatisfactory implementation of legislation with little benefit for the citizens; reiterates its determination to focus on the fulfilment of commitments to uphold common values rather than unconvincing so-called ‘geopolitical’ arguments;
4. Regrets the deliberate violation of the political conditions relating to democratic standards in Moldova, in particular the recent changes in national electoral legislation, which did not address some of the key recommendations of the joint opinion of the ODIHR and the Venice Commission, as well as the suspension of Dorin Chirtoacă from the Chişinău mayor’s office and the invalidation of the election of Andrei Năstase,

which have led the EU to put on hold its disbursement of macro-financial assistance (MFA) and outstanding payments of budget support;

5. Reiterates its position that any decision on future MFA disbursement should only take place after the parliamentary elections scheduled for February 2019 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 including reform of the judiciary and judicial action against the persons responsible for the bank fraud in line with the European Parliament resolution of 5 July 2018; calls, in the meantime, on the Commission and the EEAS to continue reallocating funds to support civil society and independent media in Moldova, as well as the private sector and local authorities, including through new partnership and development projects, preferably coordinated with assistance from other EU countries and to coordinate efforts with other organisations such as the IMF to ensure greater coherence in terms of financial assistance conditionality; awaits with caution the outcome of the review of electoral legislation by the Moldovan Parliament's Legal Committee for appointments and immunities; calls on the European Commission to develop a mechanism to monitor reforms, including clear benchmarks;
6. Recalls the contents of Articles 2 and 455 of the AA, in accordance with 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; recalls that much effort is needed to continue fulfilling the anti-corruption and anti-money laundering benchmarks; demands that any future agreement is also conditional on a reform of the judiciary and thorough investigation and prosecution of those responsible for the USD 1 billion fraud; recalls also the anti-corruption and anti-money laundering benchmarks related to the visa liberalisation policy;

Institutional framework in place to implement the Agreement

7. Welcomes the adoption of many laws in line with Moldova's commitments as part of the AA; underlines nevertheless the importance of swift and full implementation of these laws in order to reach the ultimate objective of the AA of delivering tangible and sustainable improvements to the living conditions of ordinary citizens in Moldova;
8. Calls for stronger involvement of the Parliament, the Prime Minister and the Minister of Foreign Affairs and European Integration of Moldova in providing high-level political oversight and scrutiny of the implementation of the AA, notably through the continued streamlining of relevant parliamentary and governmental structures and the enhancement of their administrative capacities, and the coordination and synchronisation of line ministries' plans and their full and effective implementation;
9. Welcomes the establishment of the interparliamentary assembly of Georgia, Moldova and Ukraine and its first meeting held on 8-9 June 2018 in Kyiv; encourages this assembly to also scrutinise the implementation of the Association Agreements;
10. Urges the Moldovan authorities to put more effort into AA implementation and organise its actions – notably through the National Action Plan for the Implementation of the Association Agreement (NAPIAA) itself – according to specific sectors and the specific results to be generated, rather than according to articles of the AA, in order to develop a

detailed prioritisation and sequencing of measures, driven by impact assessment and drawn up by dedicated expert units;

11. Calls on the EEAS and the Commission to set up, subject to progress on democratic standards, a dedicated EU Support Group for Moldova, in order to increase the delivery of expertise, notably on the approximation of Moldovan legislation with that of the EU, and to coordinate, when the conditions are fulfilled, the delivery of financial assistance to Moldova in support of the implementation of the AA;
12. Urges the EEAS and the Commission to boost internal capabilities to step up monitoring of the implementation of the AA, notably through a significant increase in dedicated human resources, as well as to move towards a qualitative assessment of progress, notably through the introduction of screening processes to assess the level of alignment with the EU *acquis* that is actually achieved as required by the AA;
13. Welcomes the enhanced ministerial-level dialogue with Moldova and other associated partners on association-related reforms in the area of trade and supports, subject to progress on democratic standards, the launch of such dialogues in other areas covered by the AA, including political issues, justice, freedom and security, and sectoral cooperation;
14. Recalls and supports the opinion of the Venice Commission on electoral reform in Moldova, according to which the change towards a mixed electoral system for parliamentary elections lacked consensus (other than from the Democratic and Socialist parties) and may lead to candidates being unduly influenced by business interests; reiterates, therefore, its call on the Moldovan authorities to improve the electoral system in order to ensure that future elections reflect the will of the Moldovan citizens rather than of a select few; calls on the Moldovan authorities also to fully implement the ODIHR recommendations, notably on party financing and media freedom and pluralism; reaffirms Parliament's readiness to observe Moldova's next parliamentary elections;

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

15. Expresses concern about last minute changes to the Audiovisual Media Services Code adopted in July 2018 that were not subjected to consultations with civil society; urges the Moldovan authorities to fully implement the 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 independent media in this process and of adopting a new law on advertising; stresses the need to avoid all attempts to undermine media pluralism, notably those that would further encourage the cartelisation of the media market and related advertising market; urges the Moldovan authorities to adopt the new law on advertising following a genuine consultation with civil society; notes with concern that, currently, the media is highly monopolised and subordinate to the country's political and business groups; calls for transparency of media ownership and the provision of dedicated assistance to independent media, especially local outlets, to in order comply with the Code's requirements regarding obligatory local content; stresses the importance of ensuring genuine independence of the media regulatory agency;

16. Welcomes the reform efforts in the areas of public administration and public financial management and encourages further steps to be taken to increase transparency;
17. Welcomes the good cooperation on CFSP matters, notably the high rate of alignment with the CFSP Declarations and the participation in common security and defence policy (CSDP) missions and operations, as well as Moldova's cooperation with NATO; takes note of the progress in adopting a new National Defence Strategy and the Action Plan for its implementation for 2017-2021, following the withdrawal of the National Security Strategy by the President of Moldova; welcomes the entry into force of the EU-Moldova agreement on the exchange of classified information;
18. Commends the Moldovan authorities for the incremental improvement of relations with Tiraspol, notably with the implementation of confidence-building measures including the opening of the Gura Bîcului-Bîcioc bridge and the signing of six additional protocols, improving the lives of citizens on both sides of the Nistru river; reiterates the EU's firm commitment to and support for the sovereignty and territorial integrity of Moldova and the efforts to reach a peaceful solution to the Transnistrian issue; supports unconditionally the efforts of the OSCE, the EU and other stakeholders and encourages the authorities to cooperate in particular with SMEs from Transnistria, to further build on this level of engagement, to make additional efforts in promoting human rights and to abide by all ECHR decisions; calls on the Moldovan authorities to undertake additional efforts for the implementation of an amended law of the special legal status of Gagauzia;

Rule of law and good governance

19. Urges the authorities to ensure the independence, impartiality and effectiveness of the judiciary and specialised anti-corruption institutions, including the Superior Council of Prosecutors, the National Anticorruption Centre and the Anticorruption Prosecutor Office, the National Integrity Authority and the Criminal Assets Recovery Agency, notably through maintaining the allocation of adequate resources to guarantee transparent selection procedures with the participation of independent expert recruiters and adopting constitutional amendments, in line with recommendations of the Venice Commission, aimed notably at removing the initial five-year appointment term for judges, changing the composition and strengthening the role of the Superior Council of Magistracy and removing the Moldovan Parliament's powers to appoint judges of the Supreme Court; remains deeply concerned with the selective justice practices of the Moldovan judiciary and points out that, according to the latest Transparency International reports, it suffers from limited independence from the executive and is used as an instrument against political opponents and business interests; notes the importance of establishing a solid track record of investigations in corruption cases, including into high-level profiles;
20. Welcomes legislative amendments adopted in July 2018 meant to strengthen merit-based selection and promotion of judges, as well as their accountability;
21. Reiterates its calls, based on the findings and recommendations of the first and second Kroll reports, which should be published in full, for a swift and transparent prosecution of all those responsible for the USD 1 billion bank fraud unveiled in 2014, as well as the recovery of stolen assets; takes note of the strategy on asset recovery adopted by the Moldovan authorities but notes with concern that the investigation into this case has

been conducted rather ineffectively; stresses the need for the courts to stop failing to follow up on solid evidence and to promptly examine the cases that are pending or undergoing investigation, notably that of Ilhan Shor, in open hearings; emphasises that the political choice to bail out the banks with public finances further increased the severe loss of trust in Moldovan politics; calls on the Council to consider personal sanctions and on relevant EU Member States to provide support to the investigation;

22. Expresses concern about the increased risk of money laundering following the hasty adoption of the so-called ‘fiscal reform package’ in July 2018, which includes a tax amnesty scheme which may legalise assets acquired illicitly; calls for the package to be amended in order to close such loopholes and, in the meantime, commits to remaining very attentive to its implementation, in coordination with the Commission, EEAS and other international organisations;
23. Stresses the need also to address and deter other occurrences of organised crime, including arms smuggling, human trafficking and large-scale money laundering, notably from Russia; underlines the responsibility of judges in upholding the rule of law and stresses that lawfully convicted judges should carry out their sentences;
24. Calls for direct online consultations of the electronic declarations of senior political and administrative individuals’ assets to be enabled, following Ukraine’s example;
25. Calls on the Moldovan authorities to respect international principles and uphold best practices that guarantee an enabling environment for civil society; underlines the essential role of civil society in monitoring the implementation of reforms as well as in promoting the transparency and accountability of public institutions; expects, in particular, that no future legislation will curb either national or foreign funding for Moldovan NGOs and CSOs, or will unduly increase the administrative and reporting burden on them; regrets that, in a number of cases, citizens’ participation has been restricted, for example with the rejection by the Central Electoral Commission in March 2018 of the application to organise a referendum over changes to the electoral system;

Respect for human rights and fundamental freedoms

26. 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, some of which have been brought about through fabricated accusations, and selective justice against political opponents, their lawyers and/or their families; criticises the fact that process monitoring by EU Member States or the EEAS delegation is increasingly inhibited by the exclusion of the public from trials; expresses specific concerns about proceedings that target human rights defenders, independent judges such as Domnica Manole and Gheorghe Bălan, journalists and critics of the government or of the President of the Democratic Party of Moldova, Vladimir Plahotniuc; urges the authorities to guarantee the right to a fair trial and the respect of human rights in detention premises; stresses the need for effective investigations into allegations of torture in detention and psychiatric institutions; calls on the authorities also to guarantee freedom of assembly and expression and, in particular, the holding of peaceful demonstrations, and for the strict respect of this fundamental right in accordance with international standards;
27. Welcomes the adoption of a new National Gender Equality Strategy in 2017, and calls

on the authorities to ensure its full implementation;

28. Calls on the authorities to significantly step up efforts to uphold human rights and fundamental freedoms, notably for vulnerable groups, by fighting hate speech, violence, social exclusion and discrimination, which all remain of great concern, against LGBTQI people, persons with disabilities and minorities such as the Roma population, as well as hate speech and discrimination based on gender or political affiliation;
29. Strongly condemns the recent extradition/abduction of Turkish citizens to Turkey due to their alleged links to the Gülen movement, in violation of the rule of law and basic human rights; urges the Moldovan authorities to ensure that any extradition requests coming from third countries are processed in a transparent manner while following judicial procedures fully in line with European principles and standards;

Trade and economic cooperation

30. Welcomes the significant increase in Moldovan imports into the EU as a result of the entry into force of the DCFTA and the fact that the EU is the largest investor in Moldova but deplores the fact that this has not led to an improvement in the social and economic situation of citizens; warns that failure to make progress in improving the standard of living of the population threatens the citizens' approval of the country's pro-European orientation;
31. Recalls the importance of an independent judiciary and of the fight against corruption as well as a decrease in administrative and bureaucratic burdens in improving the investment and business climate;
32. Encourages further progress in the areas of sanitary and phytosanitary standards and the protection of geographical indications;
33. Calls for effective compliance with trade and sustainable development clauses and international commitments, and specifically the proper implementation of ILO core conventions.
34. Considers regulatory approximation with the EU *acquis* to be the key dimension of the DCFTA because actual access to the EU market and reform very much depend on the appropriate implementation and enforcement of relevant legislation; is aware of the significant challenge this represents for governance, institutions and public administration in Moldova and encourages the Commission to provide adequate technical and financial support;

Energy and other areas of cooperation

35. Welcomes the promulgation of the Energy Law in 2017 as a further step towards the transposition of the Third Energy Package and encourages concrete steps to ensuring the independence of the energy regulatory agency ANRE; acknowledges Moldova's efforts towards promoting renewable energy sources and energy efficiency and considers it crucial to strengthen agro-ecological farming methods in the framework of sustainable rural development;
36. Calls for more determined action in the areas of environmental protection, notably as regards the management of water from the Nistru river, waste management and climate

change, notably in terms of implementing and coordinating legislation;

Institutional provisions

37. Calls for the EU, the Member States and Moldova to further increase communication efforts on the implementation of the AA and the expected benefits to the citizens of Moldova of related reforms and of closer integration with the European Union; highlights the need to fight Russian disinformation through fact-based and accessible quality information in all of the main languages used in Moldova;
38. Reiterates its resolve to increase its monitoring of the implementation of international agreements with the EU's eastern partners; calls once more on the Commission and the EEAS to transmit to the Parliament and the Council more frequent and regular written reports on the implementation of these agreements;
39. Considers that the practice of involving Moldovan authorities from the stage of drafting relevant legislation is useful in that it makes the process more inclusive and reduces transition costs for Moldova, and calls on the Commission to make full use of the ex-ante consultation processes;
40. Notes that the evaluation of DCFTA implementation is very much focused on trade flows and trade irritants; calls on the Commission to monitor and assess the implementation of the DCFTA in an appropriate manner, paying special attention to transposition and implementation of the *acquis*, as well as to the impact on Moldovan society, and to ensure public and comprehensive annual reporting, including on the technical and financial support provided by the EU;
41. Calls on the EEAS and the Commission to publish all the annual association implementation reports at the same time and to simultaneously publish a comparative evaluation of the level of progress towards AA/DCFTA implementation by each associated partner, against specific benchmarks;
42. Resolves to draw up annual reports on the implementation of the Association Agreements;

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43. Instructs its President to forward this resolution 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.