Joint press statement following the fifth Association Council meeting between the European Union and the Republic of Moldova

The European Union and the Republic of Moldova (hereinafter "Moldova") today held the fifth meeting of the Association Council under the EU-Moldova Association Agreement. The Association Council recalled that on 20 June 2019 the European Council invited the European Commission to develop a set of concrete measures to support Moldova. In the run-up to the meeting, the Association Implementation Report was published by the EU on 12 September 2019. The Report underlined that, following the change of government in June 2019, Moldova has moved forward resolutely with the implementation of key reforms to address the earlier deterioration of democratic standards and the rule of law, in order to allow citizens to fully benefit from the EU-Moldova Association Agreement.

The Association Council reaffirmed the commitment of the EU and Moldova to strengthen political association and economic integration by working in close partnership on the basis of the core principles enshrined in the Association Agreement. The Association Council highlighted that this process is based on deep, structural reforms in key sectors. The EU welcomed in this regard the commitment of the new government to pursue decisively an ambitious reform agenda based on the effective implementation of the Association Agreement including the Deep and Comprehensive Free Trade Area (AA/DCFTA), focusing on the depoliticisation and strengthened independence of state institutions and on improving the living conditions of citizens. The EU also welcomed the fact that the Government Action Plan for 2019/2020 addressed many of the challenges identified in the Council Conclusions of 26 February 2018 and in the list of urgent actions handed over to Moldova by Commissioner Hahn in September 2018.

The Association Council welcomed in particular intensified efforts to combat corruption in an effective way and to guarantee the independence of the judiciary and prosecution services. The Council underscored the need to follow the initial reform steps with continued decisive and rapid actions to regain the trust of Moldova’s citizens in state institutions. Independent and stronger institutions are key for the further successful democratisation of Moldova and structural reforms are crucial to enable growth, create jobs and reduce poverty which will, in turn, strengthen Moldova's resilience. The current Association Agenda, and the Eastern Partnership 20 deliverables for 2020, continue to serve as practical guidance to this end. In this context, the Association Council proposed also that the EU and Moldova start work with a view to setting new, updated and appropriate priorities to direct the AA/DCFTA implementation process in the coming years.

The Association Council reiterated the EU's readiness to continue assisting Moldova, with a view to supporting achievement of the objectives of the Association Agreement and improving the living conditions of citizens in a visible and tangible manner. The EU recalled that in 2018 payments under macrofinancial assistance (MFA) and budget support had been put on hold due to the deterioration of democratic standards and the rule of law in Moldova and that the EU decided at the end of 2018 to reduce bilateral assistance to Moldova. On the basis of recent positive developments, it was recalled that the EU has resumed payments under budget support assistance to Moldova by disbursing € 14.54 million in July 2019 and looks forward to proceeding with further pending disbursements, provided Moldova meets the conditions. Since mid-June the EU has also mobilised quick technical advice providing support to implementing key reforms. The EU stands ready to disburse the first instalment of the macro-financial assistance in October 2019, recalling that the release of the remaining instalments under the MFA programme will be decided after an assessment of the fulfilment of the corresponding policy measures included in the Memorandum of Understanding and the respect of political preconditions. The EU also underlined its readiness to consider increasing substantially the allocation of EU funding for Moldova under the 2020 EU budget to provide a robust support package in various key areas, including possibly support to local development and local public administration for villages, cities and districts outside Chisinau and support to justice reform. The EU recalled that the assistance will continue to be based on strict conditionality and on concrete and visible progress in the reform process, including justice and anti-corruption. Moldova has welcomed the creation of the "Project Team Moldova" within the European Commission aimed at streamlining EU support for the reform process.

The Association Council welcomed legislative changes to the electoral system cancelling the mixed electoral system that was
introduced in 2017 in spite of negative international expertise and EU concerns. The Association Council recalled that transparent, inclusive and credible elections at central and local level remain of key importance in strengthening democracy and the rule of law. The EU strongly encouraged Moldova in this context to ensure that the local elections as well as parliamentary elections in some uninominal constituencies of 20 October are conducted in full respect of democratic principles and the rule of law. The EU recalled also the importance of addressing the pending recommendations of the Council of Europe Venice Commission and the Organisation for Security and Cooperation in Europe/Office for Democratic Institutions and Human Rights. The Republic of Moldova informed the EU on the substantial progress achieved in implementing the respective recommendations and reaffirmed its commitment to conduct the upcoming elections in a free and fair manner.

The Association Council noted positively the broad cooperation between Moldova and the EU in the sphere of energy sources and energy efficiency. The EU encouraged Moldova to mainstream climate into all areas of policy making and distribution. The Association Council acknowledged the progress of Moldova in transposing EU legislation on promoting renewable Energy Package and Energy Community acquis, in particular regarding unbundling of gas and electricity transmission and distribution. The EU also recalled the importance of continuing the pace of reforms in the energy sector, including further measures related to the prosecution service. It also discussed the need to step up efforts to implement measures already decided, with the aim of ensuring the independence, efficiency and quality of the justice system, in particular as regards transparency and accountability, with a view to regaining citizens’ trust as well as improving the investment climate. The EU expressed readiness to provide technical support for judicial reform. The Association Council underlined that selection processes and appointments for public institutions are expected to be managed in a transparent and merit-based manner. The EU stressed the importance of further advancing reform processes in line with the recommendations of international partners and in consultation with civil society.

The Association Council welcomed the effective implementation of the visa-free regime, underlining that a significant number of Moldovan citizens have benefitted from the enhanced possibilities for people-to-people contacts since its entry into force. The EU referred to the Commission’s Second Report under the Visa Suspension Mechanism from December 2018 and recalled that further special attention needs to be paid to the ongoing fulfilment of the anti-corruption benchmark.

The Association Council welcomed the recent steps on fighting corruption and money laundering and highlighted the importance of continuing efforts towards robust implementation of the reforms on anti-corruption. The Association Council noted also the important steps taken to dismantle criminal schemes, including those taken to align legislation regarding Duty Free Shops operations with EU standards, as well as to investigate some of the questionable privatization cases. The EU welcomed the recent actions undertaken to pursue the prosecution of the massive banking fraud exposed in 2014 and reiterated expectations for impartial and comprehensive investigation and prosecution, with a view to bringing all those responsible to justice without further delay and to recovering the misappropriated funds. The EU welcomed also the suspension of the programme "Citizenship for Investment" while noting that the programme has not been definitively cancelled.

The Association Council welcomed the recent steps taken to launch comprehensive justice reform including in particular the presentation of justice reform priorities in August 2019. The Council discussed the need to make swift progress in this field, including further measures related to the prosecution service. It also discussed the need to step up efforts to implement measures already decided, with the aim of ensuring the independence, efficiency and quality of the justice system, in particular as regards transparency and accountability, with a view to regaining citizens’ trust as well as improving the investment climate. The EU expressed readiness to provide technical support for judicial reform. The Association Council underlined that selection processes and appointments for public institutions are expected to be managed in a transparent and merit-based manner. The Council also stressed the importance of further advancing reform processes in line with the recommendations of international partners and in consultation with civil society.

The Association Council welcomed the continuous increase in trade volumes, in particular of Moldovan exports to the EU market. The Council agreed to focus cooperation on an effective and timely implementation of the Deep and Comprehensive Free Trade Area (DCFTA), including by strengthening the operational capacity and independence of the relevant institutions. While acknowledging the overall good progress made under the DCFTA, both parties agreed on the need to advance in a number of sectors, including sanitary and phytosanitary measures, as well as improving market conditions in the field of energy, public procurement, and access to finance for SMEs. The EU underlined also the need for the Moldovan authorities to seek to create a level-playing field for business in order to guarantee an attractive and stable investment climate.

The Association Council welcomed the recent approval by the Executive Board of the International Monetary Fund (IMF) of the completion of the combined 4th and 5th reviews of the IMF programme with Moldova. The EU also recalled the importance of continuing the pace of reforms in the energy sector in line with the EU Third Energy Package and Energy Community acquis, in particular regarding unbundling of gas and electricity transmission and distribution. The Association Council acknowledged the progress of Moldova in transposing EU legislation on promoting renewable energy sources and energy efficiency. The EU encouraged Moldova to mainstream climate into all areas of policy making.

The Association Council noted positively the broad cooperation between Moldova and the EU in the sphere of foreign and
security policy, noting in particular Moldova’s high level of alignment with EU statements and declarations on international and regional issues. The Association Council confirmed the mutual interest in further strengthening cooperation between Moldova and the EU in the field of security, particularly on countering hybrid threats and strengthening cyber security. Moldova reaffirmed its strong interest in launching a High-Level Security Dialogue with EU. The EU expressed appreciation for Moldova’s participation in EU-led crisis management operations, as well as readiness to support strengthening of the respective institutional capacities.

The Association Council welcomed the progress made under the 5+2 process in 2017 and 2018 during the Austrian and Italian OSCE Chairmanship in Office and strongly encouraged all parties involved to build on this level of engagement during the remaining time of the Slovak OSCE Chairmanship in Office and thereafter. The EU reiterated its support for a peaceful settlement within the framework of the 5+2 process and, in line with the OSCE Ministerial Statement of December 2017, stressed the need for an output-based process. The EU expressed expectations for positive outcomes of the next round of the 5+2 negotiations under the Slovak OSCE Chairmanship in Office envisaged later this year that will bring tangible improvement in the daily life of the people on both banks of the Nistru river. Noting the first encouraging steps towards greater freedom of movement Moldova expressed willingness to further build trust between the sides and determination to supplement confidence-building efforts with the resumption of meaningful political negotiations. The Association Council reconfirmed its support for Moldova’s sovereignty and territorial integrity and a special status for Transnistria within Moldova’s internationally recognized borders.

The EU commended the Republic of Moldova’s active and constructive participation in the multilateral dimension of the Eastern Partnership and encouraged Moldova to continue contributing to the achievement of deliverables for 2020. The EU also encouraged Moldova to actively participate in setting new deliverables for the Eastern Partnership in the post 2020 period. Moldova stated its intention to provide a comprehensive contribution in the framework of the structured reflection process. It highlighted the need to agree on an ambitious agenda of cooperation within the Eastern Partnership aimed at strengthening political dialogue and deepening sectoral cooperation, inter alia in such areas as digitalization, financial services, reducing roaming prices, promoting development in rural areas, investing in human capital.