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

The European Union and the Republic of Moldova (hereinafter "Moldova") held today the third meeting of the Association Council under the Association Agreement. This was the first meeting of the Association Council after the entry into force of the EU-Moldova Association Agreement on 1 July 2016. It takes place after the publication, on 13 March, of the Association Implementation Report by the EU, as well as following the submission by the Republic of Moldova, on 31 March, of the Report on the implementation of the Association Agenda for 2014-2016. Both documents are focused on key developments and reform efforts in Moldova. The EU Association Implementation Report also outlines the short and medium-term strategic priorities agreed between the EU and Moldova.

The Association Council meeting offered the opportunity to reaffirm the EU and Moldova's commitment to the process of political association and economic integration enshrined in the Association Agreement. The Association Council highlighted that this process is fundamentally based on deep and structural reforms in key sectors.

The Association Council recognised the importance of increasing state and societal resilience in Moldova. Resilience in its broad sense - including the capacity to foster inclusive and sustainable economic growth, to strengthen state institutions, to enhance relations with civil society as well as energy resilience - will remain at the core of the EU-Moldova political dialogue in line with the EU Global Strategy, the revised European Neighbourhood Policy and the objectives of the Association Agreement. The Association Council also welcomed the signature of the Agreement between the European Union and the Republic of Moldova on security procedures for exchanging and protecting classified information.

The Association Council discussed the state of play of the implementation of the Association Agreement, upon which the Moldovan Government's reform agenda is based. The Association Council also discussed sectors, where the reform process should be continued, focussing in particular on justice, the media, energy and the business environment. The EU noted that a continued concerted fight against corruption and conflicts of interest in all these sectors, together with strong support for the rule of law, is essential. The EU recalled its concern over the lack of independence of the judiciary as expressed in the February 2016 Council Conclusions. Moldova stated that the reform of the prosecution service is underway while continuous efforts are undertaken to progress in the reform of the entire justice system. Moldova reaffirmed its commitment to completing the reform processes started last year. The EU acknowledged the efforts undertaken by Moldova and stressed the importance of implementing the adopted legislation in a faithful and practical manner and further advance reform processes in line with the recommendations of international partners and in consultation with civil society.

The Association Council agreed on the need to adopt the package of laws on anti-corruption and ensure its timely implementation. Moldova informed about progress in adopting a new legislative framework on integrity and a comprehensive anti-corruption and integrity strategy, as well as in strengthening relevant specialised public institutions. The Association Council agreed on the importance of guaranteeing the independence, effectiveness, transparency and accountability of the judiciary, with a view to regaining citizens' trust as well as improving the investment climate.

The EU also highlighted the need for comprehensive, impartial and effective investigations on the banking frauds which were unveiled at the end of 2014. The EU stressed the importance of proceeding decisively and in a transparent manner, with a view to ensuring that all persons responsible are brought to justice and light is shed on the schemes used, through open trials. Moldova updated on the state of play in the banking fraud investigation and reaffirmed that the authorities are fully determined to take all necessary steps to recover the embezzled funds and prosecute those who are liable. Moldova also informed that independence and supervisory role of the National Bank has been strengthened and legal framework regulating the banking sector has been significantly improved in order to prevent such frauds in future.

The Association Council also discussed legislative initiatives concerning reforms in areas of key political importance, such as the electoral system and the media. The EU highlighted that any change to the electoral system should strengthen the principles of

democracy in the country and should be made on the basis of a broad consensus amongst political forces, following a genuine consultation of civil society and in accordance with the recommendation of relevant international partners, namely the Council of Europe Venice Commission, and the OSCE/ODIHR. Moldova confirmed that the advice of international partners would be sought and followed and that changes would happen only following a comprehensive public consultation where all relevant political and civil society actors would be invited.

The EU expressed concern at the situation in the media sector, recalling in particular the need to address the concentration of media ownership and polarisation. In the context of bringing media legislation in line with EU, Council of Europe and the OSCE standards, the EU strongly recommended that any changes to the audiovisual code should safeguard media pluralism and protect independent media. Expertise from the Council of Europe and the OSCE should be taken into account. Moldova recognised the importance of guaranteeing plurality and quality of information to its citizens and confirmed its commitment to follow the advice of international partners and to complete the transposition of relevant EU directives. Moldova also underlined the importance of creating the necessary prerequisites for the development of local media and industry incentives.

The Association Council recalled the importance of making the best use of EU assistance, with a view to supporting the objectives of the Association Agreement, including the DCFTA, and improving the living conditions of the citizens of Moldova in a visible and tangible manner. The EU noted that EU assistance to Moldova is based on strict conditionality, being linked to satisfactory progress in reforms. Respect for commitments undertaken with the IMF and substantive progress in the fight against corruption and in the reform of the justice sector will be key elements for the continuation of budget support payments to Moldova. The Association Council recalled also the importance of following up on the September 2016 Court of Auditors report on EU assistance to Moldova, which made recommendations in that direction. The possible Macro-Financial Assistance operation which is currently under preparation will also include precise and strong conditions. Moldova has stressed that EU assistance is needed to ensure that started reforms produce visible results. Joint further efforts in the field of strategic communication are also needed. Moldova has also confirmed that additional legal and institutional measures have been undertaken to guarantee an efficient and transparent use of EU funds.

The Association Council agreed on the importance of intensifying policies that aim to include all segments of Moldovan society, with a view to increasing resilience to internal and external challenges. The EU acknowledged efforts made by the Government of Moldova on developing policies for the integration of persons belonging to national minorities and recommend implementing these policies across different sectors. Moldova informed that an Action Plan is being developed to streamline implementation of the recently approved Strategy on consolidation of the interethnic relations. The EU expressed appreciation for efforts made to reach out to Gagauzia and noted the need to fully implement the 1994 law on the autonomous status of Gagauzia. The EU also recalled the importance of paying special attention to Taraclia.

The Association Council underlined the importance of Moldova maintaining its commitments under the Association Agreement/DCFTA, and proceeding with their implementation. While noting 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. Intellectual property rights, in particular as regards geographical indications, were also identified as an area to be addressed with a view to ensuring the protection of geographical indications in line with DCFTA commitments. The EU recalled its readiness to assist and provide expertise to the Moldovan authorities in this regard.

The Association Council called for stepping up efforts on the settlement of the Transnistrian conflict on the basis of sovereignty, territorial integrity and internationally recognized borders with a special status for Transnistria. The EU reiterated its support for a peaceful settlement within the framework of the 5+2 process and, in line with the Austrian OSCE Chairmanship in office, stressed the need for an output-based process. The EU encouraged Moldova to develop a common internal vision on the settlement process and confirmed EU readiness to provide assistance and support in coordination with all relevant international partners.

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