

Joint press statement following the fourth Association Council meeting between the EU and the Republic of Moldova

The European Union and the Republic of Moldova (hereinafter "Moldova") held today the fourth meeting of the Association Council under the EU-Moldova Association Agreement. In the run-up to the meeting, the *Association Implementation Report* was published by the EU on 5 April, and the EU Foreign Affairs Council adopted Council Conclusions on Moldova on 26 February. Both documents are focused on reform efforts in Moldova and while acknowledging the reform steps already taken, they underline that it is crucial that these steps are continued and implemented.

The Association Council reaffirmed the EU and Moldova's commitment to political association and economic integration by working in close partnership on the basis of the Association Agreement. The Association Council highlighted that this process is fundamentally based on deep and structural reforms in key sectors. The Council underscored that strengthening statehood and society can only take place through a genuine and decisive fight against vested interests and corruption, in order to build stronger institutions and contribute to the country's growth.

The EU highlighted the urgent need for progress in a comprehensive, impartial and effective investigation and prosecution on the major banking fraud that was exposed in 2014. The EU reiterated the importance of proceeding in a decisive and transparent manner, with a view to recovering the misappropriated funds and to bringing all those responsible to justice, irrespectively of any political affiliation. Lack of progress in this respect could undermine anti-corruption efforts in general. The Republic of Moldova informed about the actions undertaken in the framework of the investigation of the banking fraud, which include the publication of the summary of the second Kroll report as well as the transmission of the full report to the competent Moldovan authorities. Moldova underscored the importance of cooperation of the relevant EU Member States on recovery of misappropriated assets.

The Association Council acknowledged Moldova's efforts to implement the Association Agreement but underlined the need to transform the adopted legislation and policies into concrete actions. The Council underlined that structural reforms are crucial to enable growth, create jobs and reduce poverty. The EU underlined that the revised **Association Agenda**, setting out 13 key priorities for action, and the *20 deliverables for 2020*, should serve as practical guidance to this end. The Council stressed the need to enhance cooperation between the EU and Moldova on strategic communication, including on improving public awareness of tangible benefits of EU cooperation and responding to disinformation. Moldova highlighted the relevance of the EU assistance and expertise in the field of strategic communication and media support.

The Association Council reiterated the EU's readiness to continue assisting Moldova, with a view to supporting the objectives of the Association Agreement and improving the living conditions of citizens in a visible and tangible manner. The EU recalled that the assistance will continue to be based on concrete and satisfactory progress in all areas of reform, including justice and anti-corruption, and on strict conditionality. Moldova welcomed the adoption of a new assistance envelope for 2017-2020, envisaging financing worth of € 284 to € 348 million and reaffirmed the commitment to make the best use of it. The Council welcomed the reforms aimed at ensuring macroeconomic and financial stability and restoring credibility with international donors, notably in the field of corporate governance in the financial sector, strengthening the independence and the supervisory powers of the National Bank. Moldova also briefed the EU side about progress made towards the fulfilment of technical conditions foreseen for the first disbursement under the Macro Financial Assistance programme. The EU recalled that the release of each instalment under the Macro Financial Assistance 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 Association Council discussed legislative initiatives concerning reforms in areas of key political importance, such as the **electoral system** and the **media**. The Association Council recalled that transparent, inclusive and credible elections at central and local level are of key importance. The EU highlighted that the consequences of the new electoral system will be thoroughly and closely monitored during the electoral process, with respect to their impact on democracy in general and on the multi-party system in particular and regretted that the change of the electoral system in July 2017 did not follow some of the key

recommendations of the Council of Europe (CoE) Venice Commission and the Office for Democratic Institutions and Human Rights of the Organisation for Security and Cooperation in Europe (OSCE). Moldova underlined that the recommendations on the electoral law were taken into account to the maximum extent possible. Moldova will cooperate closely with the relevant international organisations, in particular the OSCE and CoE, in order to ensure that the upcoming parliamentary elections will be in line with the relevant international standards.

The Association Council highlighted that a comprehensive reform should enhance transparency and competition in the media sector, with a view to addressing the concentration of media ownership, guaranteeing media freedom and pluralism, creating a business environment conducive for the activity of independent media outlets and offering high quality information to its citizens. The recent approval, in the first reading, of the draft Audiovisual Media Services Code is a positive step. Moldova confirmed its commitment to adopt the new Code, in line with EU *acquis*, by the end of July. Moldova also presented its newly adopted National Concept on the Development of the Mass-Media, a reference document for a comprehensive public policy in the media field.

The Association Council acknowledged the recent steps undertaken by the Moldovan authorities to associate **civil society** with decision-making processes and agreed on the importance of continuing and intensifying policies that aim to fully involve all segments of Moldovan society. Moldova briefed the EU side about the implementation of the Action Plan on the consolidation of interethnic relations.

The Association Council welcomed the effective implementation of the short term **visa-free** regime, underlining that a significant number of Moldovan citizens have benefited of the enhanced possibilities for people-to-people contacts since its entry into force. The EU referred to the Commission's First Report under the Visa Suspension Mechanism from December 2017 and recalled that further special attention needs to be paid to the continuous fulfilment of the anti-corruption and anti-money laundering benchmarks. Moldova informed about actions already undertaken to address Visa Suspension Mechanism Report's recommendations and confirmed its commitment to making the necessary efforts to continuously fulfil the visa liberalisation benchmarks. Moldova also informed about the adoption of a new strategy and action plan on trafficking in human beings. The Association Council highlighted the positive track record of the EU-Moldova Mobility Partnership implementation which will mark its tenth anniversary and Moldova's contribution to its successful development.

The Association Council acknowledged the recent reform steps on **anti-corruption** and the adoption of anti-money laundering law in line with the current EU standards but highlighted the need to continue increasing the efforts dedicated to a robust fight against corruption. Moldova presented the actions aimed at the consolidation of the existing and new agencies in charge of the fight against corruption, money laundering as well as the recovery of stolen assets which are expected to become fully operational soon, by providing the new relevant agencies with adequate staffing and budget. The EU stressed the need for making operational the *National Integrity Authority*, responsible for receiving and examining declarations on assets and conflict of interests, given its key importance in the fight against corruption.

The Council also discussed the need to continue to develop a comprehensive **justice** reform strategy, including further measures related to the prosecution service, and 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. Moldova presented the priority reform steps for 2018. 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 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 the Moldovan exports to the EU market. In this regard, Moldova requested the support in increasing of tariff-rate quotas in line with the review clause foreseen in Article 147(5) and (6) of the Association Agreement as well of trigger volume for certain agricultural products subject to anti-circumvention mechanism. 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. Intellectual property rights were also identified as an area to be addressed with a particular 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 acknowledged the adoption of the new Law on **energy** in line with the EU's Third Energy Package as a key positive development and but underlined the importance of continuing the pace of reforms in the energy sector, via ensuring transparency and good governance, as well as taking further steps to improve the business climate in general. In particular, the Moldovan authorities should seek to create a level-playing field for business in order to guarantee an attractive and stable investment climate. The approval of a new tariffs methodology for energy distribution was a positive development in this regard. Moldova stressed the need to continue cooperation in development of the electricity and gas markets and their gradual integration into the EU energy internal market through new interconnections. The Association Council acknowledged the progress of Moldova

in transposing EU legislation on promoting renewable energy sources and energy efficiency.

The Association Council noted positively the broad cooperation between Moldova and the EU in the sphere of EU **Common Foreign and Security Policy**, noting in particular the high level of Moldova's alignment with EU's statements and declarations on international and regional issues. The Association Council confirmed 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. The EU expressed appreciation for Moldova's participation in the EU-led crisis management operations, as well as readiness to support strengthening of the respective institutional capacities. Moldova reiterated its interest to launch a Strategic Security Dialogue with the EU. Moldova informed about its participation as an observer to the Data Protection Working Party and its enhanced cooperation with FRONTEX, EUROPOL, EUROJUST.

The Association Council welcomed the encouraging progress made under the **5+2 process** in 2017 during the Austrian OSCE Chairmanship in Office and strongly encouraged all parties involved to build on this level of engagement during the Italian OSCE Chairmanship in Office and thereafter. The Association Council particularly welcomed the latest progress in resolving the issue concerning the participation of vehicles from Transnistria in the international road traffic and access of the farmers to their lands. 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 noted the importance of faithfully implementing agreements achieved last year, 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. Moldova welcomed the EU support for the negotiation process, confidence-building measures, along with the valuable work of the EU Border Assistance Mission to the Republic of Moldova and Ukraine (EUBAM).

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. It took note of Moldova's proposals on ways to enhance dialogue with the EU.

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