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# I. ACTIVITY OF PUBLIC INSTITUTIONS

## PARLIAMENT

### 1. Events of major importance

#### ***Discussions about excessive salaries of "public managers"***

At its sitting held on 17 February, the Parliament approved the budget of the National Energy Regulatory Agency (ANRE) for the year 2011. The budget approved for ANRE will exceed 18.917 million lei, the bulk of it being the wages for employees. During the parliamentary debates, Victor Parlicov, Director of ANRE Board, announced that his monthly income is over 44 thousand lei (without specifying the income of the other four ANRE directors, who hold similar positions and should be paid similarly). Parlicov's statements have generated controversial debates in Parliament, and later at the governmental level as well, in mass media, in professional and social groups. The issue of remuneration for leaders of agencies, institutions and monopolist state companies was discussed in terms of the need to observe the criteria of professionalism, depolitization of appointments and ensuring transparency of recruitment competitions, and the top government officials pointed out the deficiencies in the field and raised the need to amend legislation, to cap the revenue of "public managers".

#### ***Statements of income and assets of officials***

Iurie Tap, PLDM MP, requested the Central Commission on controlling the statements of assets and income of officials to make public the list of those who failed to submit statements in time (by 31 January 2011). Iurie Tap has also requested to ensure the application of proper legislation to ensure compliance with legal rules designed to prevent and combat corruption, as well as the unjust unreasonable enrichment of civil servants (officials).

### 2. Appointments. Dismissals

There have been some changes in the composition of parliamentary committees:

- Chiril Lucinschi (PLDM) is elected Chairman of the Committee on culture, education, research, youth, sports and media;
- Plesca Nae-Simon (PLDM) is elected Deputy Chairman of the Committee on environment and climate change;
- Stella Jantuan (PDM) is elected Deputy Chair of the Committee on human rights and interethnic relations.

Parliament appointed three members to the Central Commission on controlling the statements of income and assets:

- Oxana Domentii - PCRM;
- Veaceslav Ionita - PLDM;
- Vadim Cojocaru - PL.

### 3. Legislative acts

***Law on amending Article 53 of the Law on ensuring pensions for militaries and for leadership and troops of the internal affairs bodies.*** From the law were excluded the provisions that stipulate that persons who have been re-employed and whose time in military or special service have been extended beyond the age established by law the pension shall

be paid in amount of only 50 percent out of the due amount, and people who have not reached the age limit of stay in the military service by contract and have been re-employed in military or special service the pension payments shall cease starting with the day of re-employment. These restrictive rules have been introduced by a law passed back in 2008, but in 2009 the Constitutional Court has declared them as being in conflict with the Supreme Law.

***Law on amending the Code of Administrative Offences of the Republic of Moldova.***

The amendments attribute to the competence of the National Commission of Financial Market to examine the violations in insurance.

***Laws ratifying some international acts:***

- Agreement between the Government of Moldova and the Government of Estonia on mutual promotion and protection of investments;
- Convention on the settlement of relative investment disputes between states and nationals of other states;
- Statute of the International Renewable Energy Agency (IRENA)
- Additional Protocol to the Convention on Human Rights and Biomedicine regarding genetic testing for medical purposes.

**4. Parliamentary control. Statements**

***Questions. Inquiries***

- Valeriu Guma (PDM MP) has requested the Government to provide information on compliance by legal personalities with restrictions on smoking in public places and the sanctions applied. According to Guma MP, the law does not work practically at all.
- Sergiu Stati (PCRM MP) has requested the Ministry of Foreign Affairs to report on the situation on border delimitation with Ukraine, including the situation in Palanca, Giurgiulesti and Novodnestrovsk.
- Valeriu Munteanu (PL MP) requested the Health Minister to inform about and explain the data of the World Health Organization (WHO) according to which Republic of Moldova is ranked first worldwide in terms of volume of alcohol consumed annually per capita. According to Munteanu, in the Republic of Moldova there are no official data in this regard and there are doubts on the statistical data that WHO was based on.
- Valentina Stratan (PDM MP) requested the Minister for Health and the Public Procurement Agency to inform on disturbance of medical institutions' work because the procurement is regulated by a huge number of acts and it is becoming more and more bureaucratic and difficult.
- Serghei Sirbu (PCRM MP) requests the Government to inform on measures taken for the enforcement of the Constitutional Court ruling, which declared as unconstitutional the decree condemning the totalitarian communist regime and about the measures taken by Government to eliminate the commemorative stone in the Great National Assembly Square.

***Statements***

Ala Miron (PCRM MP) has read a statement of the Council of Veterans of the Republic of Moldova, expressing concern about the deterioration of socio-economic situation of the citizens of retirement age.

## GOVERNMENT

### 1. Events of major importance:

#### ***The situation of "Moldtelecom" JSC***

Starting with March 1, 2011, "Moldtelecom" JSC, the national telecommunications operator, was to implement the new tariffs for fixed line subscriptions and services, which were announced as "rebalanced" in accordance with older plans and commitments of Moldovan authorities to international partners. The Management of "Moldtelecom" JSC has justified the change of tariffs by economic needs, in the situation when the costs of maintenance for internal telephone lines are covered by exaggerated prices on international telephony. Prime Minister Vlad Filat assessed the changes made as unjustified increase in tariffs for fixed telephony, which causes dissatisfaction of population, against the background of other price increases. Prime Minister requested to stop arbitrary actions of reviewing the tariffs for fixed telephony services. In order to enforce the Prime Minister's order, a special meeting was summoned by the Deputy Prime Minister Valeriu Lazar together with representatives of the National Regulatory Agency for Electronic Communications and Informational Technology (ANRCETI), the National Agency for the Protection of Competition (ANPC), the Board members and leadership of "Moldtelecom" JSC. These discussions did not result in any decision and the situation continued to cause dissatisfaction of the Government leadership, but also of the Speaker of Parliament, who convened in a meeting the leaders of agencies under parliamentary control and urged the application of urgent measures to stop the unjustified increases of prices. Subsequently, through a special prescription, ANPC has decided to suspend the tariff adjustment process of Moldtelecom until the completion of verifying its legality. ANPC decision was motivated by "public resonance, the events of recent days, contradictory discussions on the issues between the Government members and following extraordinary meeting with the Interim President..." ANRCETI announced that in a few months the procedure will complete of designating Moldtelecom as a provider with significant power on the market providing the end users with access to a fixed public telephony network, after which it will examine and approve in consultation with the Government the tariffs for fixed telephony services provided by this provider to individual end-users.

### 2. Appointments. Dismissals

- **Anatol Onceanu** is appointed Deputy Secretary General of Government
- **Victor Țuțuc** was dismissed from position of the Head of General Inspectorate of Sanitary Supervision and Control of Seeds, and Ghenadie Onceanu was appointed in that position.

### 3. Decisions

#### ***Decisions for approval of plans, policy documents:***

- The National Plan for implementation of Moldova - EU Action Plan on visa regime liberalization;
- Governmental Action Plan for the period 2011-2014.

#### ***The decision to approve the draft law on preventing and combating discrimination.***

The law's purpose is to prevent and combat discrimination, ensure equal opportunities or treatment to all persons in the Republic of Moldova in the political, economic, social, cultural and other spheres of life regardless of race, colour, nationality, ethnic origin, language,

religion or religious belief, sex, age, health condition, disability, sexual orientation, opinion, political affiliation, wealth, social origin and based of any other similar criteria. The law shall regulate the severe forms of discrimination; ways of eliminating discrimination; situations that are not considered to be discriminatory; subjects with competences in preventing and combating discrimination; the victim's right to protection; the burden of proof, etc.

***Decision on aspects concerning the allocation of annual net profit of joint stock companies with state participation share and of state enterprises.*** According to the document approved by the Government, ministries and other central administrative authorities shall forward, until 10 January next to the administrated year, to the boards of joint stock companies with state share a request regarding the inclusion on the agenda of the General Assembly of shareholders the issue concerning the distribution of company's net profit for the administrated year and the approval of regulations for allocation of net profit for the next year, and will also promote: - a maximum possible number of state members in the board of joint stock companies with state share; - at the general assembly of shareholders to adopt the decision on distribution, for dividend payments, a part of net profit gained in a proportion not less than 50 percent of its total value; - to adopt decisions on the breakdown into budget a part of the net profit achieved in the proportion of not less than 50 percent of its total value. State-owned enterprises will transfer into the state budget, by July 1 of the next to administrated year, the net profit determined by the administrative board of the state company concerned.

#### **4. Meetings. Decisions**

##### ***Supervisory Board of the Millennium Challenge Account Moldova***

Prime Minister Vlad Filat chaired the meeting which approved the action plan for implementing the Compact Program in 2011. Under the plan, activities will be conducted this year under the Road Rehabilitation Project and the transition to agriculture project performance and monitoring and evaluation activities of the Compact Program. Prime Minister mentioned the importance to comply with the terms established in the Action Plan for implementing the "Compact" Program in Moldova, to monitor all activities and evaluate the impact of implementing the Programme.

## II. ECONOMIC POLICIES

### 1. Macroeconomic developments

#### ***Encouraging figures, but without systemic effects yet...***

Increase of about 7% of GDP in 2010 makes it a special year for the country's economic developments and, in fact, Moldova has achieved one of the highest rates of economic recovery in Eastern Europe and CIS. Moreover, all figures of official statistics show that the agricultural sector grew by almost 8%, and the industry, if we can call it so, has made an advance of 7 percent. The exports also grew - by about 23%, and imports by 17 percent. These also have resulted in bigger accumulation of customs duties, excise duties on imports, which is actually a normal situation also generated by changes in state fiscal policy early this year. Additionally, transfers from abroad, particularly the remittances, have also increased compared to last year (2009), which also reflected on taxes and consumption.

#### ***The current model of growth should be revised...***

On the other hand, it's unlikely that this rhythm of increase would maintain longer and this in case if the current growth model will be maintained, based mainly on consumption, as experts find<sup>1</sup>. Expenditures cuts or tax increases could not be done endlessly, because these were some of the factors that contributed to economic growth last year, but almost nothing has changed essentially in economic structure. The increase of duties and taxes can be seen, ultimately, with not very good eyes by business or manufacturing sector, which hardly recovered yet from the economic crisis. We have the same extensive and poorly tech agriculture, which has a GDP contribution of only 15-17%, but which involved over 33 percent of the economically active population of the country, without big added value. We have an industry that is incomparable with that of the countries in the region, in fact one based more on food and processing and that's it.

#### ***The polarization between center and province is enormous...***

An important factor which negatively affects the economic development is that we have an enormous economic polarization between cities and district centres, or better to say between Chisinau and peripheries. For example, over 50 percent of the country's GDP is gained precisely in Chisinau. Here the best human resources and infrastructure are concentrated. At the same time, in municipality and adjacent localities are inhabited by less than 25 percent of the country's population. Moreover, more than 80% of foreign investments and 60% of local ones are also placed in Chisinau. A similar situation concerns the size of income and wages, since there are areas where the average salary is well below 50% of average in the country. Thus, we have a deplorable regional economic conjuncture, and if regionally and structurally the resource allocation will not be changed, then the quality of economic growth will remain the same.

#### ***The application of radical measures is imminent, even if they are unpopular...***

Without radical and structural interventions we can not expect anything good. Of course, in short term, these are painful and unpopular, of course, with undesirable social effects, but in medium and long term they can give great results. Several countries in Central Europe, like

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<sup>1</sup><http://expert-grup.org/index.php?go=news&n=180>

Slovakia or Poland, have now some impressive economic developments, resorting years ago to deep reforms. Because what was done here up to so far have been an ad-hoc approach, rather than systemic. If, for example, statistics show that services predominate in gross domestic product by over 60 percent, then this is to focus on. It's necessary to perform radical reform of transport services, supply, infrastructure, because, ultimately, these would be the key to sustainable development. Overall review of all expenditure policies, because a lot of money, very many are directed in non-priority areas and objectives. There are several areas where one should go with the axe, otherwise we risk to continue to wallow in nice figures, but without structural economic effects.

## 2. Public finances

Ministry of Finance presented to Government the [draft law on state budget for 2011](#) and the draft law amending and supplementing some legislative acts, resulting from fiscal policy for 2011.

**National public budget revenues** are expected to amount to 31 billion lei, increasing by 12.6% over the previous year, and expenditures of about 32.6 billion lei, with 3.3 billion more than in 2010, with a deficit of 1.9% of GDP. The share of social expenditures in the public national budget will rise to over 70%.

**State budget revenues** will be about 19.9 billion lei, up by 11% compared to 2010. Preponderant part of the state budget revenues, about 78%, will be created by tax revenues. The grant entries for supporting the budget and projects financed from external sources will amount to 2.106 billion lei, by 8% more than external finance in 2010. The share of indirect taxes in total state budget revenues is going to increase by about 17%, up to 14.32 billion lei.

**State budget expenditures** in 2011 is estimated at more than 20.35 billion lei, with an increase of over 8% compared to 2010. Social expenditures are planned at the level of 42.2% of total expenditures, compared to 44.1% of last year. At the same time, economic costs will increase up to 14.7% of the total, compared to about 12% in 2010. For existing social assistance program the draft budget for 2011 provides means worth 360 million, with over 75 million more than last year. The project provides for allocations to increase salaries. This year the capital investments in construction will be doubled, up to 1.88 billion lei. The money will be allocated in priority to transportation and road industry, housing and public utilities.

**State budget deficit** planned for the current year will be about 1.227 billion lei, which will be covered by the issuance of state securities, loans from World Bank and International Monetary Fund and funds from the sale and privatization of public assets. Government plans to achieve in 2011 out of privatisation revenues worth 280 million lei.

According to the draft, the 2011 budget was established based on economic growth of 4.5%, up to 82.1 billion lei, an inflation rate of 7.5% and an average exchange rate of 12.4 lei per 1 USD.



### **III. TRANSNISTRIA**

#### ***Consultations in "5 +2" format will continue in April***

The next meeting of participants in Transnistrian conflict settlement process in "5+2" format is scheduled for the first half of April. Meanwhile, Transnistrian diplomacy intends to pursue international public opinion of the existence of legal grounds for the independence of Transnistria. According to Transnistrian diplomacy chief, Vladimir Yastrebchak, Moldovan authorities' efforts to resume negotiations in "5+2" format to discuss the reintegration of the Republic of Moldova can not be the purpose pursued by Transnistria as well. The purpose of "5+2" format should be not the reintegration of Moldova, but to identify the model of final conflict settlement. In the same context, the Transnistrian diplomacy chief believes that for Tiraspol administration it is not a priority to debate to discuss the issues, upon which the Moldovan representative insisted within "5+2" consultations in Vienna on February 14-15, 2011: withdrawal of Russian military presence and transformation of Russia's peacekeeping mission in an international civilian mission; uplifting the status of U.S. and EU in the settlement process from the level of mediators to one of observers. Except for the representatives of Transnistria and Russia, other representatives of "5+2" format support the resumption of negotiations in that format. In this context, OSCE calls for resumption of negotiations to discuss and solve existing problems step by step. Ukraine considers it necessary to resume official negotiations process. At the same time, Russia believes that before talking about the resumption of official negotiations a working agenda should be set out to prevent similar cases as those of five years ago when Moldovan delegation left without explanation the "5+2" meeting, and the lack of agenda allows discussion of all sorts of problems but those directly related to the settlement of Transnistrian conflict.

#### ***The fourth Trilateral EUBAM meeting***

On 23 February 2011 the fourth Trilateral meeting of the European Union Border Assistance Mission (EUBAM) was held with the participation of the Republic of Moldova and Ukraine. According to Moldpres Agency the parties were represented at the meeting by the Head of EUBAM, Udo Burkholder, the Director of Intelligence and Security Service (SIS) of the Republic of Moldova, George Michael, and the Head of Ukrainian Security Service (SSU), Valery Horoshkovsky. Participants showed the positive results achieved in the exchange of information and in conducting joint investigations. It was qualified as a success the Operation of Joint Border Control (OCCF) TYRA 2010. SIS and SSU played an important role in planning, implementing and evaluating the operation, which culminated in the seizure of smuggled goods worth € 35,000. Udo Burkholder referred to the need to continue to fight border crime, which can be achieved only by joint efforts of EUBAM, Moldova and Ukraine.

#### ***Debates on amendments to the Transnistrian constitution***

In Transnistria the debates are going on about amending the constitution with the participation of interested institutions. Ministry of Justice has delivered its opinion, noting that although a number of issues were adjusted, however there are still issues to be resolved. In this context, the President of the Supreme Soviet, Anatoly Kaminsky, said the final draft will be submitted for review to the Russian State Duma, as the purpose of amending Transnistrian constitution is to adjust it to the Russian constitutional model. At the same time, Kaminsky believes that the law on government must be drafted and enter into force at the same time with the constitutional amendments.



### ***Misunderstandings in Security Zone***

Moldovan delegation in Joint Control Commission (JCC) has expressed its concern about the reconstruction by Transnistrian administration of the floating bridge connecting Tiraspol with localities on the right bank of the river Nistru in Slobozia district. According to the representative of the Republic of Moldova, Ion Solonenco, the rebuilt floating bridge can carry weights of approximately three and a half tons and could potentially be used by Transnistrian administration to transport armored vehicles. Transnistrian JCC representative, Oleg Belyakov, replied that the floating bridge operates tens of years and needs repairs, and the Moldovan delegation seeks pretexts to destabilize the situation. In the same context, the JCC discussed disagreements about the deployment of police posts in Security Zone. Moldovan side insists that Transnistrian border guards have nothing to do in place where the peacekeepers are present, because it is provided by the 1992 Agreement on the resolution of armed conflict in the eastern districts of the republic of Moldova. Transnistrian side, by contrast, insists that these issues do not fall within the JCC competence, but under the competence of a special commission that has been established back in 1998, at the highest level, in the negotiation process. According to Transnistrian side, Moldovan delegation insists on this matter because they would like to weaken the positions of Transnistria, ignoring the fact that in Bender there is Moldovan police and penitentiaries of the Republic of Moldova, with existing risks of some operations in detriment of Transnistria, which must defend itself. Another issue raised in JCC was that on the deployment place of peacekeepers at the hydroelectric power station in Dubasari on the right bank of Nistru. Moldovan delegation insists that it should be placed right in the station's dam, and Transnistrian delegation wants it to be installed on shore. The decision to deploy this post was made five years ago, but Transnistrian side does not agree that Republic of Moldova should install the post directly in the station. In these circumstances, Moldovan side proposes that the second post would not be installed at all, and its activity area to be extended on both banks of Nistru, because only pedestrian traffic is allowed on the dam. Tiraspol replies that it can not allow this, because "it is a strategic and not an industrial object, which has no coverage from Moldova", that's why Transnistrian post of peacekeepers is placed on the dam at the entrance to the administrative block of the station. In addition, at about 100 meters from it there is an installed cabin with a permanent representative of Transnistrian interior forces, who verifies on random bases the IDs of those who cross the dam. In 2006 JCC agreed on unimpeded crossing by people, including the Moldovan law enforcement employees, towards their workplace on the left bank of Nistru. (*According to Infotag Agency*)

### ***Measures necessary to overcome the economic crisis***

In a meeting with the local authorities of Ribnita municipality, the chairman of Transnistrian Supreme Soviet, Anatoly Kaminsky, outlined the economic situation in the region, concluding that it is possible to overcome the economic crisis only by identifying new solutions based on the use of internal reserves. According to Kaminsky the small and medium sized business is to be developed, the contribution of which to GDP is currently only 7%, while in developed countries it is 50-60%. Legal rules should be reviewed, both those concerning the customs tariffs, as well as those concerning the supervision of companies. Kaminsky acknowledged that Transnistria has failed to build a self-sufficient economic system and it is now clear that the focus on large enterprises was a wrong one, and this became clear after the outbreak of global financial and economic crisis, which radically changed the behavior of large investors, who no longer honour the investment obligations assumed at the time of privatization of

Transnistrian economic giants. In total about 40% of large companies do not fulfil their investment obligations. Consequently, the budgets of all levels suffer. In the same vein, Kaminsky noted the current deficit: \$ 70 million in the Pension Fond of Transnistria; \$ 1 million in the Fund for Unemployed Assistance; \$ 3 million in the Social Insurance Fund. Also, Kaminsky considers that Transnistria must review its agricultural policies and to return to producing high quality agricultural products.

## **IV. EXTERNAL RELATIONS**

### **1. European Integration**

#### ***Negotiations on the EU - Moldova Association Agreement in Brussels***

The EU - Moldova Political Dialogue meeting of the Political and Security Committee (PSC) and the 5th round of negotiations of the Association Agreement between Moldova and the European Union were held in Brussels in the second half of February.

According to [Foreign Affairs Ministry press release](#), at the meetings Moldovan delegation, headed by Deputy Foreign Minister, Natalia Gherman, informed the officials of the European Commission about actions taken by Moldovan authorities to carry out the Action Plan for liberalization of visa regime, presenting also the National Programme for implementing the Action Plan on visa liberalization, adopted by the Government on 17 February 2011. The meetings also tackled the issues related to the political situation in Moldova and its impact on the evolution of reforms, as well as the issue of Transnistrian conflict settlement. During negotiations on the Association Agreement, the delegations discussed the Preamble, objectives and principles of the Agreement, as well as several articles of the chapter on general and final institutional provisions. According to the Foreign Affairs Ministry, the following chapters were closed: on regional stability, political dialogue, cooperation in foreign and security policy, economic and financial cooperation. The discussions on cooperation in the field of environment, transport, taxation and public administration reform will continue. The next round of negotiations on the Association Agreement will be held in Chisinau, in the second half of April 2011.

#### ***The European Union will continue to provide financial assistance to the Republic of Moldova***

In a press conference, Dirk Schuebel, Head of EU Delegation in Chisinau, said that Moldova will benefit of financial assistance from the European Union amounted to 550 million. euro in the period 2011-2013. Assistance will be targeted at projects in energy efficiency and renewable resources, to reformation of judiciary, acquisition of equipment to improve border control and biometric passports. 15% of EU assistance will be channeled towards projects in Transnistrian region. Dirk Schuebel confirmed that Moldova receives from EU the highest aid per capita aid (about 25 euros), except for Palestine, which has a separate budget.

### **2. Bilateral cooperation**

#### ***Moldova - Russia***

On February 21, Russian Ambassador to Moldova, Valery Kuzmin, gave a public lecture at the International University of Moldova, where he reported on [the current priorities of Russian foreign policy](#). The priority directions of Russian foreign policy include, inter alia, strengthening the multilateral cooperation within the CIS states. According to the ambassador, last year Russia has strengthened its partnership with Ukraine, Belarus and Kazakhstan. In contrast, relations with Moldova have decreased in intensity, due to political instability in Moldova. So far Russia has not received any answer from Chisinau on the draft European Security Treaty (also called Helsinki 2), proposed by Russian President Dmitry Medvedev in 2009. However, Russia continues to ensure the energy security of Moldova by exporting its gas and electricity, and also representing one of the main sale markets for

Moldovan wine. Russian ambassador assured that Russia has not conducted and doesn't have any plans to conduct any "wine wars" and to introduce embargo on Moldovan wine products.

Speaking about Russia's commitments made at the OSCE summit in Istanbul to withdraw its troops and munitions from Transnistria by the end of 2002, Vladimir Kuzmin stressed that Russia has fulfilled its commitments. The only outstanding commitment is the withdrawal of weapons from storages in Colbasna. According to the ambassador, this was impossible because of the political dialogue between Chisinau and Tiraspol has terminated in 2003. Russia could have not opposed the decision of Tiraspol to prevent the evacuation of weapons.

A few days before the lecture given by Russian ambassador, the Head of Rospotrebnadzor, Gennady Onishchenko, has re-raised the [issue of the quality of Moldovan wines](#). According to the Head of Rospotrebnadzor, they continue to worsen, showing unseriousness of the governance in Chisinau. Despite this situation, Russia does not plan to introduce an embargo on Moldovan wine products.

**Note by ADEPT:** Political dialogue between Chisinau and the separatist Transnistrian region ceased after the Moldovan leadership has refused to sign the Kozak Memorandum, proposed by the Russian Federation. The Kozak Memorandum provides for the establishment of an asymmetric federation and the extension of Russian troops' deployment in Moldova for additional 20 years.

### ***Moldova - Ukraine***

Chairman of the European Integration Committee of the Verkhovna Rada of Ukraine, Boris Tarasyuk, made some [tough statements](#) against the Moldovan authorities, saying that inactions of Moldovan authorities prevent resolving the problems of bilateral relations. In opinion of Ukrainian MP, Ukraine has fulfilled all the commitments taken before Moldova, while Moldova has delayed the problem resolution due to electoral reasons.

## **3. Multilateral cooperation**

### ***Republic of Moldova took over the GUAM Chairmanship***

On 24 February, during the meeting of the Council of foreign ministers of Georgia, Ukraine, Azerbaijan and Moldova, the Republic of Moldova took over the GUAM Chairmanship for one year. Priorities of Moldovan chairmanship for 2011 will focus on increasing cooperation in such areas as energy, transport, tourism, in emergency situations. Another priority will be raising the visibility of GUAM on international arena.

## IV. COMMENTS

### Confused Alliance

Igor Botan

#### ***Beyond the principles and values***

Conflicts within the Alliance for European Integration (AEI) are not based on incompatibility of *principles and values*. It is about interests, reconfirming a trivial thing - in Moldova, as in most countries in transition, the most profitable business is politics. Recent conflicts only develop the mechanisms and tools for converting the political and administrative influence into economic and financial influence. In this respect, it is understandable why the Party of Communists (PCRM) does not feel very comfortable in opposition - PCRM representatives know how the invoked mechanisms operate, ones that have been developed and used during eight years of governance that preceded the AEI. The leaders of four parliamentary parties have much in common, except for the statements related to the public good. One of them is a former businessman, another is a friend of a very important businessman, the third is the father of a very important businessman, and only the fourth is a romantic, who wants a place in history by *repairing its errors*.

The way how AEI components distributed the dignity positions and public functions, as well as their competition for influence and control over economic sectors and over the regulatory agencies in these areas shows very clearly the *cartelization* of AEI members. The teams of AEI *political managers* agreed to govern the country under the Agreement establishing the alliance (it may be called the Convention on sharing / coordinating responsibilities), but they can not yet be used to the need to respect *the Convention*. In fact, they can not escape from *natural state*, where the *rivalries, mutual distrust, pride* determine the outbreak of conflicts, in order to enter the phase of observing the *conventions*.

In these circumstances, PCRM plays its opposition role perfectly, directed just towards undermining the relations within AEI. On the one hand, PCRM says it does not want early parliamentary elections, but that it will not participate in unblocking presidential elections after the AEI formula. PCRM's variants of overcoming the institutional crisis are not unambiguous and they confined either to establishing a *broad coalition*, or to identifying a *technical solution* for overcoming the institutional deadlock. Obviously, the first solution involves dissolution of AEI and the establishment of new alliance, with the participation of PCRM. In fact, it can not be a broad coalition itself, since at least the Liberal Party (PL) will not accept this. The second solution of PCRM involves reviewing the commitments of AEI components regarding the distribution of the highest rankings positions in the state, something that carries a huge conflicting potential.

Currently, all four parliamentary parties possess blocking tools, the AEI ones having the ability to block each other in decision making process:

- PLDM, since it has the strongest parliamentary faction within the parliamentary majority and holds very important positions in Government, notably the Prime Minister position, has the most important tools to influence decisions so that at least to prevent the coalition partners to promote their narrow interests that they consider as being limited, biased etc.;
- PDM, through its political *managers*, due to the distribution of functions under the AEI, is presumed to have significant influence on some law enforcement agencies,

on some regulatory agencies and some monopolistic economic units, which generates the envy of partners and opponents, but also suspicions that they seek to legitimize and legalize some influence peddling schemes, developed and tested during the PCRM ruling period;

- PCRM holds the deadlock package and keeps the AEI governance in provisional state until a solution for the presidential election will be identified;
- PL always laments about the lack of levers to influence the decision making process in various areas and resort to threats that the time will come for its *solo on the sax*, when it will reveal much about the situation in AEI.

### ***The patient one gets what he wants***

AEI leaders recognize that now the relations within the renewed alliance are the same or even worse than they were before the early elections of 28 November 2010. Apparently, the recent conflicts between the AEI components would have arisen as a result of decisions that oppose the economic efficiency to political timeliness. Indeed, may one assess as *appropriate* the decision to rebalance the prices for fixed telephony services, provided by the state profitable company Moldtelecom on the eve of local elections and on the background of explosion of prices for food, energy utilities, services etc.? Representatives of the Democratic Party of Moldova (PDM) believe so, and those of the Liberal Democratic Party of Moldova (PLDM) and PL consider it is not. Consequently, public altercation between PLDM and PDM leaders on the mentioned issue highlighted that divisions within AEI are much deeper than previously thought, and mutual distrust and suspicions make this alliance unable to accomplish the reforms it has planned.

In addition to the abovementioned, the AEI is a temporary alliance, at least unless the opposite is proven, i.e. up to presidential elections and overcoming the institutional crisis. In addition, the unity of AEI components is no longer guaranteed by the need to keep together due to the fear of possible retaliation of PCRM. Early elections of November 28, 2010 have shown that PCRM no longer has the potential to revenge and the party leaders apparently understood this. Therefore, PCRM has changed radically its behaviour, slowly entering into normality and operating cooperatively, at least with a faction of the parliamentary majority, obviously, within the limits which can be afforded by an opposition party. In this regard, the PCRM leader has involved in a political dialogue with the PLDM leader, obviously for the sake of public good and for overcoming the institutional crisis and both leaders mentioned that Moldova will not survive to perpetuation of political crisis caused by the inability to elect the head of state.

Political dialogue between PLDM and PCRM leaders, over the PDM' head, carries a meaning that is difficult to neglect - from now on PDM is deprived of the status of the only holder of *golden share*, which, under the fragmentation of political spectrum, decided the direction of tilting the balance towards the formation of political alliances. Consequently, PCRM, which lost its status as the dominant party in Moldova's political scene, for the first time created a manoeuvring field for a possible coalition with a political party previously considered antagonistic. Obviously, the one who is to win most from this dialogue is PLDM, which has expanded its manoeuvring field throughout the Moldovan political scene. In this respect, it is not accidental that PLDM leaders claim to have been *blackmailed* by PDM during the negotiations to re-make the Alliance in December 2010, to get more positions within the power structures. Difficult to know whether the word *blackmail* is actually used properly by PLDM leaders, but certainly PDM caused the envy of partners when negotiating with both right and left. PDM has skilfully and transparently used the *golden*

*share*, but it greedily requested and too disproportionately took, making abstraction of the fact that the main position that it has negotiated still remains in suspense for an indefinite period. For a party with PDM' electoral weight (13%), the golden rule is to take as it deserves in alliance with those whom it would feel more comfortable in the governance process. Now the PDM, from being the holder of *golden share*, found itself despised and ignored by both PCRM and, apparently, by PLDM.

The second mistake of PDM is that when "Moldtelecom" rebalanced its tariffs it let itself attracted into the race of adopting some necessary and effective decisions, ignoring the factor of timeliness. Therefore, PDM risks losing its status of a party promoting socially oriented policies. Opponents and allies of PDM do not hesitate to take advantage of this situation. Finally, the third error of PDM is that its leaders publicly flaunt with their offenses. It seems that the latter is the most dangerous one, because it is accompanied by public statements like: "PLDM plans to ally with PCRM", "irreparable harm may be caused to AEI unity", "AEI's reformatting is justified".

Actually, broadly, AEI has no alternative yet, but some components of the alliance would have to learn the truth: *the one who wants everything and immediately will get nothing in instalments, and whoever has the patience will get what the wished.*

### **Conclusions:**

- AEI will have provisional status and will remain confused, ineffective and scandalous unless a solution will be identified for the presidential elections. So far, the three components of AEI have not even fumbled with a common approach to find a proper solution. Perhaps, it will not be found unless a balance is set between the economic interests of *political managers* within the AEI components, the interests about which the public will not ever find the exact details;
- It is unlikely, although it is not excluded, that the solution for presidential elections will be found before the local elections to be held this June. Electoral results on district levels, made according to the (closed) party lists will serve as the most accurate indicator about the behaviour that shall be followed by the main political actors in regard to the presidential elections, as well as in regard to preserving or reformatting AEI ;
- Speculations about a possible undeclared alliance between PLDM and PCRM will only contribute to broadening the manoeuvring field of the two parties, but it is very unlikely that PLDM would have the interest to ally somehow with PCRM until the local elections in June. This would harm the rating of both parties, especially that of PLDM.
- Ultimately, the AEI' fate depends on ability to overcome the ambitions of its leaders. If by the eve of local elections, the AEI will not be able to stop the decline of *social optimism*, related to the perception by citizens of the socio-economic situation and of AEI as capable one to provide more or less effective governance, then the failure will affect all components of the alliance, and the myth of "Moldova - a success story in Eastern Partnership" will deflate quickly and with most long-lasting negative consequences for Moldova.