

"Governance and Democracy in Moldova" is a bi-weekly journal produced by the Association for Participatory Democracy ADEPT, which tackles the quality of governance and reflects the evolution of political and democratic processes in the Republic of Moldova. The publication is issued with financial support from the Ministry of Foreign Affairs of the United Kingdom of the Netherlands, in framework of the project "Promoting Good Governance through Monitoring". Opinions expressed in the published articles do not necessarily represent also the point of view of the sponsor. The responsibility for the veracity of statements rests solely with the articles' authors.

CONTENTS

I. ACTIVITY OF PUBLIC INSTITUTIONS	2
PARLIAMENT	2
1. Nominations.....	2
2. Dismissals.....	2
3. Legislative acts	2
4. Statements	3
GOVERNMENT	4
1. Events of major importance	4
<i>Public consultations and appeal upon citizens</i>	<i>4</i>
2. Decisions	4
3. Sittings. Decisions	5
<i>National Commission for Collective Consultations and Negotiations</i>	<i>5</i>
<i>Letter to Romanian premier</i>	<i>5</i>
<i>Inter-ministerial Strategic Planning Committee.....</i>	<i>5</i>
<i>Hearing of CNP reports.....</i>	<i>6</i>
PRESIDENCY	7
1. Decrees	7
2. Sittings. Statements.....	7
<i>Meeting with ambassadors from OSCE member states</i>	<i>7</i>
II. ECONOMIC POLICIES.....	8
1. Prices and inflation	8
<i>Inflation falls down to likely reasonable 5-percent rate in first half of this year... ..</i>	<i>8</i>
2. Labour market	8
<i>Heavy money goes to financial activities, while agriculture makes little do... ..</i>	<i>8</i>
<i>Methodological changes to calculate salaries.....</i>	<i>9</i>
3. Foreign trade	9
<i>Exports give lead to economic growth... ..</i>	<i>9</i>
III. TRANSNISTRIA	11
<i>Chisinau reiterates attitude towards Transnistrian settlement</i>	<i>11</i>
<i>Resolution on the Republic of Moldova of the OSCE Parliamentary Assembly</i>	<i>11</i>
<i>Ukrainian officials reiterate their attitude towards Transnistrian problem</i>	<i>12</i>
<i>Meeting between Moldovan Deputy Prime Minister and Transnistrian political representative</i>	<i>12</i>
IV. FOREIGN RELATIONS.....	13
1. European integration	13
<i>Poland – EU Council chair for next six months.....</i>	<i>13</i>
<i>Visit of European Council president to Chisinau.....</i>	<i>13</i>
<i>7th round of negotiations on Moldova-EU Association Agreement.....</i>	<i>14</i>
<i>Meeting of Cooperation Platform for Moldova-EU Mobility Partnership.....</i>	<i>14</i>
<i>The European Commission has adopted the 2011 Annual Action Programme for Moldova.....</i>	<i>14</i>
2. Bilateral cooperation	14
<i>Republic of Moldova - Ukraine.....</i>	<i>14</i>
3. Multilateral cooperation	15
<i>Republic of Moldova – Council of Europe.....</i>	<i>15</i>
V. COMMENTS.....	16
Debt crisis, export evolution and exchange rate – reflections on Moldova.....	16

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I. ACTIVITY OF PUBLIC INSTITUTIONS

PARLIAMENT

1. Nominations

The Parliament nominated following members of the Chamber of Auditors upon an initiative by the court chairperson:

- Soitu Tudor (deputy chairman);
- Chitan Valeriu;
- Pascari Angela;
- Sturzu Ion;
- Trocin Gheorghe.

Note by ADEPT: At least two members of the Court of Auditors, Valeriu Chitan and Gheorghe Trocin, were cited in reports by this institution as persons who failed to administrate financial resources and public materials.

Upon an initiative by its speaker, the Parliament nominated members of the Management Board of the **National Commission for Financial Market (CNPF)**:

- Mihail Cibotaru (chairman);
- Victor Captari (deputy chairman);
- Artur Gherman;
- Iurie Filip;
- Aurica Doina.

Note by ADEPT: Media outlets have earlier reported that the CNPF would be the god-father of Speaker Marian Lupu, while Artur Gherman is a relative (son-in-law) of former Moldovan president Mircea Snegur.

2. Dismissals

The Parliament ascertained the vacancy of deputy of Vasile Panciuc, who was elected mayor of Balti municipality.

A parliamentary decision ascertained the vacancy of member of the media watchdog Audiovisual Coordinating Council fulfilled by Gheorghe Gorincioi who got retired.

3. Legislative acts

(New) law concerning the protection of personal data. The new law sets up the legal framework needed to enforce Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data. The law aims to protect the rights and fundamental freedoms of individuals with regard to the processing of personal data, particularly to the protection of rights to inviolability of private, intimate and family life.

Law concerning the annulment of the office of head of the Chisinau Municipal Council. Upon an initiative of Liberal Party MPs, the voted amendments cancelled the permanent nature of the office of head of the Chisinau Municipal Council that existed in 2007-2011 and run by PL, PCRM and PLDM representatives. Developers of this draft law invoked “unclearness related to the local public administration process in Chisinau municipality” and excessive politicisation of the office of council head. At the same time, the inefficiency of this function was explained “in the light of cooperation with the head of local public administration, the mayor-general.”

Note by ADEPT: Regulations of the law on decision-making transparency, law on legislative acts and law on administrative decentralisation were breached when this draft law was presented and considered. The document was not consulted with civil society, contrary to the concept adopted by Parliament in this respect, and it was not considered by local authorities concerned, contrary to the European Charter of Local Self-Government. The draft law was considered several days before the constitution sitting of the Chisinau Municipal Council and its urgent promotion with violation of legislation revealed the conjuncture and political nature of amendments, with the parliamentary majority giving more freedom of action to mayor-general of the capital and weakening the administrative functions of the communist majority in the local council.

Acts on ratification (adhesion) of some international documents:

- The agreement between Governments of the Republic of Moldova and Romania concerning the opening and functioning of the Romanian Cultural Institute Mihai Eminescu in Chisinau.
- The amendment to Article 24 of Charter of the Organisation of the Black Sea Economic Cooperation concerning the International Centre for Black Sea Studies.
- The European Convention on Cinematographic Co-production.
- The agreement concerning the cooperation in the healthcare area.
- The agreement concerning the Central European Exchange Program for University Studies (CEEPUS III).
- The convention concerning the mutual fiscal administrative assistance.

Decision approving the National Security Strategy. The document is regarded as a primordial element of the legal framework needed to reform the security sector of Moldova and develops the objectives of the May 22, 2008 National Security Concept, sets up the goals of the national security system, identifies ways and means to ensure national security. The National Security Strategy will be a ground to work out the National Military Strategy and other related strategies in the national security sector. The strategy will be implemented by central administration authorities and other public institutions accordingly to their competences and budgetary funds allocated to each of them for this purpose.

4. Statements

PLDM and PL factions released statements at the July 14 sitting to approach issues related to the functioning of the Alliance for European Integration, call for collegiality, dialogue and mutual support for some legislative initiatives.

GOVERNMENT

1. Events of major importance

Public consultations and appeal upon citizens

A spokesperson for prime minister informed on July 1 that Premier Vlad Filat has opened consultations with civil society, politicians, ambassadors, and representatives of trade unions, cults, employers, parliamentary and non-parliamentary parties. The need of such consultations was indicated by the “strained situation of society, which seriously hits the ruling act, as well as by tasks and responsibilities of the prime minister to ensure responsible and efficient governance.” Consultations lasted more than one week and on July 12 the prime minister read an [Appeal upon citizens](#), with the national public broadcaster and other TV stations airing the message live. The appeal by prime minister assesses the situation and explains the actions the premier intends to take in his official quality and as party leader.

2. Decisions

Decision concerning the national action plan on implementation of the structural education reform. The document has the following objectives:

- To provide access to all children to a quality education.
- To increase flexibility of work relations in education sector.
- To optimise the use of financial allocations.

These objectives will be fulfilled after implementation of 13 general actions the next 2 years.

Decision concerning the project on the formula-based funding for elementary and general secondary education institutions funded by administrative territorial units. It gives green light to an initiative by Education Ministry to implement this project in budgetary years 2011, 2012 and 2013 (elaboration, approval, execution and reporting of budget) in terms related to basic composition of elementary and general secondary education institutions (elementary, secondary and high schools) funded from local budgets of both levels. With the purpose to ensure a formula-based funding of education institutions, the Ministry of Finance will foresee categorial transfers from the state budget for 2011, 2012 and 2013, and complementary categorial transfers to prevent the possible reduction of budgets of institutions in connection with the application of this formula and to encourage the rationalisation of the network of institutions and classes. Heads of elementary and general secondary education institutions will establish the maximum staffs of their institutions for 2011, 2012 and 2013, in the limit of approved means, and local public administration authorities participating in this project are instructed to ensure the necessary conditions for this project; to take actions with the purpose to strengthen the network of schools and classes in academic years 2010-2011, 2011-2012, 2012-2013 and 2013-2014; to assist heads of education institutions at all levels of the budgetary process in 2011, 2012 and 2013. The list of administrative territorial units covered by the Government decision includes Causeni and Riscani (budgetary years 2011 and 2012), and localities Criuleni, Cantemir, Calarasi, Nisporeni, Taraclia, Stefan Voda, Glodeni, Leova, Singerei, Balti municipality and Chisinau municipality starting with the budgetary year 2012.

Decisions approving some regulations on foreign citizens:

- Regulation concerning the assessment of linguistic competences and ascertainment of state language knowledge by foreigners who apply for permits of residents of the Republic of Moldova;

- Regulation concerning the procedures of sending back, expelling and readmitting foreigners in the Republic of Moldova;
- Regulation of the Centre for Temporary Placement of Foreigners.

Decisions approving some plans:

- Concerning the development of inclusive education in the Republic of Moldova for 2011-2020;
- Concerning the use of new plots and improvement of soil fertility for 2011;
- Concerning the sustenance of the Roma ethnic in the Republic of Moldova for 2011-2015.

Decision concerning the release of food wheat from state reserves. The document gives green light to the Agency for Material Reserves to release 1,150 tons of food wheat from state material reserves to bakeries selected by district councils of Orhei (1,000 tons) and Taraclia (150 tons), with the view to refresh and replace them periodically, but obliges them to use the wheat for bakery purposes only such as to provide population from the area with bread. Final beneficiaries will return the food wheat released from state material reserves until September 1, 2012.

3. Sitzings. Decisions

National Commission for Collective Consultations and Negotiations

A sitting attended by prime minister considered the situation in the motor passenger transport sector and focussed on fight against illicit passenger transportation. Transporters hope that the amendment of legislation will help redress the situation in the field and asked the Government to speed up the promotion of legislative modifications in the area. Representatives of employers were discontent that not all decisions approved by the National Commission for Collective Consultations and Negotiations have been implemented, threatening to withdraw from commission because of the lack of progress. Prime Minister Vlad Filat instructed Deputy Premier Mihai Moldovanu, chairman of the National Commission for Collective Consultations and Negotiations to review the functioning mechanism of this commission, so that to ensure the execution of all decisions.

Letter to Romanian premier

Vlad Filat has signed a letter to Romanian Prime Minister Emil Boc, seeking his support to bring and exhibit the flag of Stefan the Great at the National Museum of Archaeology and History in Chisinau, on occasion of the 20th anniversary of independence of the Republic of Moldova. According to the Moldovan premier, this historical vestige would give a distinct and novel significance to official manifestations dedicated to the 20th anniversary of independence of the Republic of Moldova to be celebrated on August 27, 2011 and the 20th anniversary of diplomatic relations between Chisinau and Bucharest.

Inter-ministerial Strategic Planning Committee

A sitting chaired by prime minister considered the new draft strategic planning policy "Moldova 2020", which is expected to replace the current National Development Strategy. The new strategic document aims to speed up the economic growth and reduce poverty, and it will be based on 7 priorities: relevant career studies; good roads anywhere; accessible and cheap finances; businesses based on clear rules; surely provided and efficiently used energy; fair and sustainable social services; responsible and corruption-free judiciary. The new national strategic planning policy is to be submitted to the Parliament till the end of this year.

Hearing of CNP reports

A governmental sitting heard two reports by chairman of the National Council for Participation (CNP):

- With regard to decision-making transparency problems (based on ADEPT's assessments made in the framework of the monitoring project on decision-making transparency);
- With regard to the protection of architectural heritage in the Republic of Moldova.

During hearings, prime minister asked all dignitaries to treat these reports with maximal seriousness and to take all the actions needed to meet legal regulations, as well as to cooperate more actively with civil society with the purpose to resolve existing problems.

PRESIDENCY

1. Decrees

A presidential decree established the selection and admission commission of the Academy of Public Administration advising the president of Moldova, for the academic year 2011-2012. The commission is made of rector and deputy rector of the academy, presidential advisor for agro-industrial and public administration affairs, as well as representatives of the Parliament, State Chancellery and professors of the academy.

U.S. Ambassador to Moldova Asif Chaudhry was awarded the Honour Order as a sign of deep gratitude for special contribution to development and deepening of friendship and cooperation between Moldova and the United States.

2. Sitzings. Statements

Meeting with ambassadors from OSCE member states

Interim president discussed issues related to the Transnistrian settlement process, current situation and prospects of making progress forward political resolution of the conflict. Talks focussed on possible ways of action to make the Transnistrian side accept the restart of negotiations, with the interim president reiterating the need of a sustainable resolution based on negotiations. The position of Moldovan authorities regarding the Transnistrian issue consists in the political settlement of the conflict, while resuming the official 5+2 negotiations means building a platform to identify a status for the Transnistrian region, as well as to discuss all measures capable to bring this status. Representatives of the OSCE Mission collected facts with regard to the political situation in Moldova and called for the resolution of political crisis, which would unlock diverse initiatives, fearing that the political instability is an obstacle on way of the Transnistrian settlement dialogue. Interim President Marian Lupu asked ambassadors from OSCE member states to intercede with Tiraspol authorities with regard to Ilie Cazacu.

II. ECONOMIC POLICIES

1. Prices and inflation

Inflation falls down to likely reasonable 5-percent rate in first half of this year...

According to the National Bureau for Statistics (NBS), the Consumer Price Index (CPI) in June was 100.1 percent compared with May 2011 and 107.7 percent compared with June 2010 (for information, CPI was 99.5 percent in June 2010 compared with May 2010 and 107.8 percent compared with June 2009). Consumer prices rose by 5 percent this year (in June 2011 compared with December 2010). Average consumer prices increased in June compared with May, as prices of foodstuffs rose by 0.4 percent and tariffs for public services advanced by 0.1 percent.

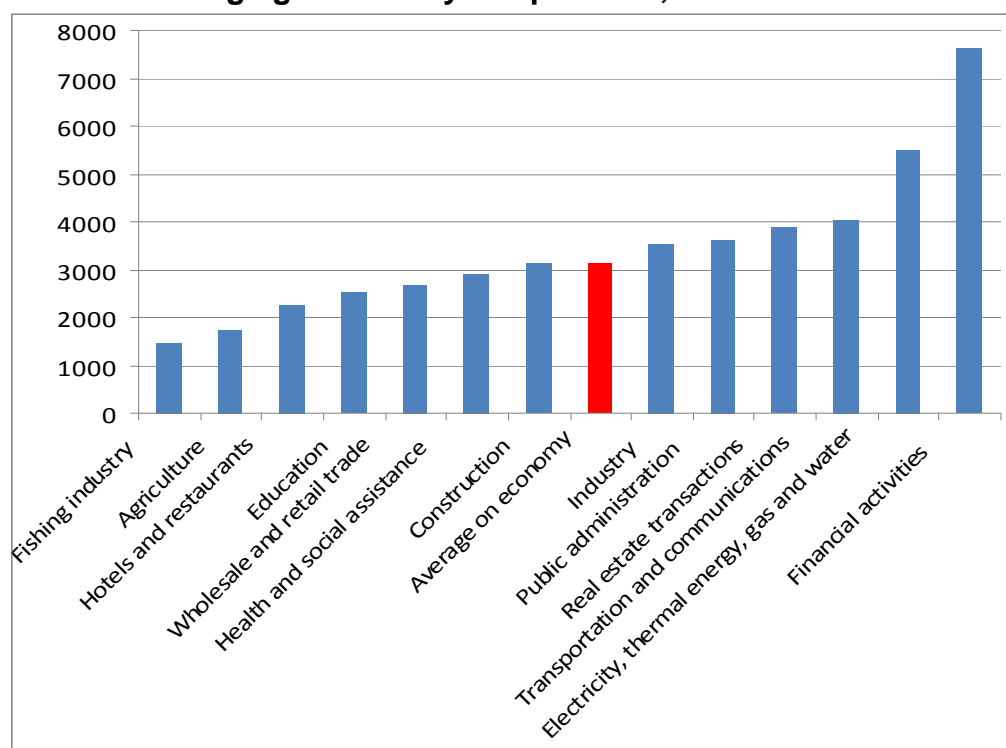
Prices of most of manufactured goods were constant in the period concerned. Prices of fuels decreased by 1.1 percent (including bottled liquid gas by 6 percent and fuels by 0.2 percent), while prices of ready-made clothes, information processing devices, mobile telephony devices and some household appliances dropped by 0.3 percent each. Tariffs for following public services increased in June: interstate passenger railway transport by 5.3 percent, air passenger transport by 1.3 percent, and public food services provided by taverns by 1 percent.

2. Labour market

Heavy money goes to financial activities, while agriculture makes little do...

[Statistics](#) reveal an average gross nominal salary of about 3,135 Moldovan lei (MDL, about 269 dollars) for April 2011, and increased by nearly 14 percent compared with April 2010 and by 5 percent compared with March 2011. The real wage increased by 6.8 percent in April 2011 compared with April 2010. Medium nominal salary in budgetary sector was more than 2,743 MDL (and increased by 11.6 percent compared with April 2010). Average wage in real sector of economy accounted for 3,319.1 MDL in April (by 14.6 percent more than in April 2010).

Average gross salary in April 2011, thousand MDL



Methodological changes to calculate salaries...

NBS modified the wage calculation methodology starting January 2011. Statistics concerning *salary earnings* are based on a new selective statistical research called *Short-term statistical indicators* implemented by national statistics accordingly to European norms.¹ The research echelon covers about 10,500 social-economic units and is representative at national level alone. The research covers budgetary units (public administration, education, healthcare and social assistance, etc.) in an exhaustive manner. The research covers units with at least 4 salary-earners in real sector of economy, which means more than 92 percent of overall employees in this sector. It covers economic units with at least 20 employees in an exhaustive manner and surveys those with 4-19 employees.

As well, starting this year the centralisation of accounts afferent to short-term statistics on salary earnings is based on *similar activity (except for economic units with maximum 49 employees)*, unlike precedent years when the centralisation of data on all economic-social facilities was based on main activity of reporting units.

NBS notes that starting January 2011, like in other developed countries particularly in the EU, reporting units do not provide any longer cumulative data “since the beginning of the year” but only current data for “the month concerned”. Therefore, the data are disseminated separately on the period concerned (here on months).

3. Foreign trade

Exports give lead to economic growth...

Exports of goods and products made in Moldova amounted to 828 million dollars in January-May 2011, by 63 percent more than in the similar period of 2010. Commodity exports to the European Union (EU-27) were worth about 416 million dollars (by 67 percent more than in January-May 2010), covering more than half of overall supplies (49 percent in January-May 2010). The CIS absorbed more than 38 percent of Moldovan exports (about 39 percent in January-May 2010), which is equivalent to over 316 million dollars. Exports of goods to this area rose by more than 61 percent compared with January-May 2010.

Supplies of manufactured goods ranked the 1st place and covered more than 23 percent of overall exports. Important shares were recorded by exports of clothes and items, furniture and items, and footwear; that mean production manufactured by joint enterprises which export in Lohn. Exports of food products and living animals ranked the 2nd place, representing more than 17 percent of overall value of exports. Exports of engines and appliances ranked the 3rd place with more than 13 percent of overall supplies, and exports of drinks and tobacco ranked the 5th place with more than 9 percent of overall supplies.

Imports turned over about 1,958 billion dollars in January-May 2011, by nearly 45 percent more than in the similar period of last year. Imports from the European Union (EU-27) exceeded 855 million dollars (by about 45 percent more than in January-May 2010), which is nearly 44 percent of overall imports (43.6 percent in January-May 2010). Imports from the CIS area were worth more than 659 million dollars (by about 44 percent more than in January-May 2010), which is equivalent to 33.7 percent of all imports (33.9 percent in January-May 2010).

Imports of mineral fuels, lubricants and items covered 23 percent of overall imports. Oil and oil products covered 49 percent of imports in this area and more than 11 percent of all imports, while gas and industrial products made from gas got 46.6 percent and 10.7 percent respectively. Imports of engines and items covered 21.5 percent of all imports.

¹ The term „salary earning” is equivalent to „medium salary”.

Manufactured goods grouped on raw materials covered more than 18 percent of all imports, with fibres, fabrics and textiles being leaders. Imports of chemical products and items represented 13.5 percent of all imports, and imports of foodstuffs and living animals covered 10 percent of the overall. The gap between exports and imports fuelled **a trade balance deficit** of about 1.13 billion dollars in January-May 2011.

III. TRANSNISTRIA

Chisinau reiterates attitude towards Transnistrian settlement

In a move to combat Russian and Transnistrian media speculations, the Bureau for Reintegration has reiterated the position of Chisinau regarding the Transnistrian settlement:

- The official „5+2” negotiations shall restart unconditionally, and there are all internal and external premises needed for this purpose;
- The key objective of the negotiation process is to work out a special legal status for the Transnistrian region by respecting the sovereignty and territorial integrity of the Republic of Moldova, in the limits of the internationally recognized borders;
- The agenda of the “5+2” negotiations shall include relevant issues capable to develop the negotiation process;
- The Moldovan authorities consider that the trust-building actions are an important part of efforts aimed to redress consequences of the conflict;
- Sectoral task forces shall focus on settling problems of economic agents and population from both banks of the Nistru river;
- The process of registration of Transnistria-based enterprises in line with regulations in force will go on; approximately 800 Transnistria-based economic agents have been certified until now and they enjoy the same rights and facilities in terms of foreign trade as businesses from the rest of the country do;
- Efforts will be made in continuation to protect and respect human rights and fundamental freedoms in accordance with international norms and standards.

During the OSCE’s Annual Security Review Conference the deputy minister for foreign affairs and European integration, Andrei Popov, explained the position of Moldovan authorities concerning efforts to relieve the crisis related to the Conventional Armed Forces in Europe Treaty:

- The Russian Federation shall complete the withdrawal of its armed forces from the Republic of Moldova in line with commitments assumed at the 1999 OSCE Summit in Istanbul;
- The current peacekeeping mission in the Security Zone shall turn into a multinational civilian mission under a relevant international mandate that would be able to bring the parties closer to each other, rather than to divide them.

During a July 7 meeting with ambassadors and representatives of 19 resident delegations to the OSCE in Vienna, which visited Moldova on July 6-9, Premier Vlad Filat and Deputy Prime Minister for Reintegration Eugen Carpov reiterated the same position and gratified them for their support to release journalist Ernest Vardanian and sought more efforts to release Ilie Cazac.

Resolution on the Republic of Moldova of the OSCE Parliamentary Assembly

A delegation of the Moldovan Parliament participated in the 20th Annual Session of the OSCE Parliamentary Assembly that was held on Belgrade from 6 to 10 July. The delegation consisted of the Moldovan MPs: Simion Furdui (PLDM), Stella Jantuan (PDM) and Vasili Șova (PCRM). One of the session topics was the Transnistrian conflict settlement that was addressed in a [Resolution on Moldova](#), elaborated by the OSCE PA Team on Moldova, chaired by the Swedish MP Walburga Habsburg Douglas.

In Resolution, the OSCE Parliamentary Assembly calls for:

- the resumption of the settlement talks in the 5+2 format, with the efforts of the mediators from the Russian Federation, Ukraine and the OSCE, as well as the European Union and the United States as observers in the settlement negotiations;

- identification of the special legal status for the Transnistrian region in the composition of the Republic of Moldova, while consolidating and ensuring the sovereignty, independence and territorial integrity of the Republic of Moldova within its internationally recognized borders, constitutes the major aim of the Transnistrian conflict settlement process;
- the Moldovan Government and the administration of the Transnistrian region to continue the efforts with regard to confidence- and security-building measures. The OSCE PA will support the political dialogue and the people-to-people contacts.
- the Russian Federation to renew and finalize the process of withdrawal of its troops and munitions from the territory of the Republic of Moldova in accordance with relevant principles of international law and commitments undertaken in the OSCE framework;
- all participants in the Transnistrian conflict settlement to undertake consultations with a view to transforming the current peacekeeping mechanism into a multinational civilian mission under an international (OSCE) mandate

The Resolution welcomed the willingness of the Parliament of Moldova and representatives of the Supreme Soviet to meet informally in Stockholm from 2-3 October 2011, at a meeting facilitated by the OSCE PA Parliamentary Team on Moldova.

Ukrainian officials reiterate their attitude towards Transnistrian problem

Minister for Foreign Affairs and European Integration Iurie Leanca met his Ukrainian counterpart Konstantin Grischenko in Chisinau on July 7, 2011. The meeting focussed on a series of common issues, particularly on demarcation of the Moldovan-Ukrainian state border in the Transnistrian section, with the direct contribution of EUBAM. As well, the sides discussed the interaction within the Transnistrian settlement mechanisms, calling for the unconditional resumption of the “5+2” negotiations. Two days later, on July 9, 2011, Ukrainian President Viktor Yanukovich met Moldova’s interim President Marian Lupu. They exchanged opinions about regional security issues, especially relating to the Transnistrian settlement prospects. In this respect, the Ukrainian president reiterated the clear position of his country, stressing that any resolution model shall include political means only and shall respect the sovereignty and territorial integrity of the Republic of Moldova, but interests of residents from the Transnistrian region shall be taken into account. The Ukrainian president noted that he is ready to keep supporting a trustworthy climate between Chisinau and Tiraspol, as well as to contribute to the resumption of the official „5+2” negotiations as soon as possible.

Meeting between Moldovan Deputy Prime Minister and Transnistrian political representative

The OSCE Mission office in Bender hosted on July 12, 2011 a meeting between the deputy prime minister for reintegration, Eugen Carpov, and Tiraspol’s representative in the Transnistrian settlement process, Vladimir Yastrebcheak. Taking part in the meeting were also sector representatives from Chisinau and Tiraspol who exchanged opinions regarding efforts to improve the work of task forces. The talks focussed on:

- Restoration of circulation of cargo trains in Transnistrian sections of Moldovan railways;
- Establishment of working groups for customs affairs;
- Reconnection of wire telephony between the two banks of the Nistru river;
- Finalisation of the draft regulation on working groups;
- Storage and use of radiological elements originating from the Transnistrian region;
- Latin-script schools based in Transnistria;
- Functioning of working groups for registry affairs;
- Nistru Euroregion project.

IV. FOREIGN RELATIONS

1. European integration

Poland – EU Council chair for next six months

Poland took over the half-yearly rotating chairmanship in the European Union Council from Hungary on July 1. The Polish chairmanship in the EU Council will focus on three priority directions the next six months:

- The European integration as an economic growth source
It aims at economic redress of EU member states.

- A safe Europe
It pledges to boost interstate cooperation in order to ensure food, energy and military security of EU.

- A Europe based on opening principle
It aims to strengthen relations with eastern and southern neighbours of EU.

The [programme of the Polish chairmanship](#) comes to respond to economic and security challenges and problems faced by EU member states. At the same time, enlarging the EU and giving an impulse to negotiations on association agreements with East European countries (Armenia, Azerbaijan, Georgia, Moldova, Ukraine and Belarus) are strategic objectives of the Polish Chairmanship in the EU foreign policy area.

Visit of European Council president to Chisinau

European Council President Herman van Rompuy was on an official visit to Moldova on July 6, upon an invitation by Prime Minister Vlad Filat. While on visit, the EC president met Prime Minister Vlad Filat, interim President and Speaker Marian Lupu, Liberal Party leader Mihai Ghimpu, and the chairman of the Party of Communists of the Republic of Moldova, Vladimir Voronin.

Meetings between the EC president and Moldovan officials focussed on political developments in Moldova, EU-Moldova relations, Transnistrian issue and Eastern Partnership. The EC president welcomed progresses made by Moldova to implement reforms and assured that EU will keep supporting reforms by applying the principle “more for more”. According to the EC president, the EU will provide 550 million Euros to Moldova in 2011-2013. On the other hand, Mr. Herman van Rompuy [stressed](#) that “the speed and quality of reforms depend much on actions of the Moldovan Parliament and authorities. All political forces shall feel in charge with finding a solution to overcome the political deadlock. Stability is a premise for any ambitious reform.”

Speaking about reforms to be implemented in Moldova, the EC president [stated](#) that “they shall be really implemented, not just under the shape of laws.” According to EU, the anti-corruption fight and the judiciary reform are now priorities to strengthen democratic processes in Moldova. Other important reforms are related to adoption of a comprehensive law against discrimination, improvement of business climate and competition and state subsidies needed to open negotiations on the Deep and Comprehensive Free Trade Zone between EU and Moldova.

While meeting the parliamentary opposition the EC president was informed by PCRM leader Vladimir Voronin about critical attitude of the opposition towards actions of the Alliance for European Integration, which was accused of mimicking reforms, changing the rules during the game by modifying the legislation for own benefit, illegally assimilating foreign financial assistance, as well as of having falsified the results of local elections in Chisinau municipality. Voronin criticised the European Commissioner for Enlargement and

European Neighbourhood Policy, Ștefan Füle, saying that “he has a unilateral position without perspective in relation with the opposition and government of Moldova” and he is no longer “a trustworthy partner in terms of dialogue and comity” for PCRM. The PCRM leader asked the EC president to make “the EU cease misinformation regarding real situation in Moldova, ignorance of the opposition, stop supporting authorities fully and openly.”

7th round of negotiations on Moldova-EU Association Agreement

Brussels hosted on July 5 the 7th round of negotiations on the Association Agreement between Moldova and EU. According to a [communication](#) by the Ministry for Foreign Affairs and European Integration (MFAEI), the parties assessed a new progress in terms of negotiation of the preamble, objectives and general principles of the agreement, including institutional, general and final regulations, reaching a provisory agreement on parliamentary dimension and cooperation with civil society. Negotiations on rule of law, freedom and security have advanced. As well, the sides continued negotiations on 3 out of 24 chapters concerning the economic, sectoral and financial cooperation.

Meeting of Cooperation Platform for Moldova-EU Mobility Partnership

Chisinau hosted on July 5 the 5th meeting of the Cooperation Platform for the Moldova-EU Mobility Partnership, with the participation of the head of the EU Delegation in Chisinau, Dirk Schuebel, and the deputy minister for labour, social protection and family, Sergiu Sainciuc. According to a [communication by MFAEI](#), participants in the meeting discussed the implementation and assessment of the Partnership projects in 2010-2011, as well as new initiatives to be implemented in 2011-2012 in the area of protection of families of migrants from origin countries, supported enforcement of visa facilitation and readmission agreements with EU, consolidation of Moldovan labour market, promotion of comeback of migrants, etc.

In particular, the signing of a bilateral labour migration agreement with Italy was described as a success. The agreement stipulates facilities to integrate Moldovan migrants into Italian labour market, social security advantages and introduction of circular migration schemas with Italy.

The European Commission has adopted the 2011 Annual Action Programme for Moldova

The European Commission (EC) has adopted the 2011 Annual Action Programme for Moldova on July 2011. The programme provides a financial aid worth 78.6 million euro, mainly for promoting reforms in the energy and justice sectors. According to a [European Commission's press release](#), on energy, the programme will promote the research into renewable energy potential in Moldova and support public awareness campaigns on energy efficiency and renewable energy. In the justice sector, the EU assistance will contribute to improve efficiency of the justice system, including the provision of advice and expertise on the creation of a Justice Sector Coordination Body. The Annual Action Programme also provides a financial aid for further confidence-building measures programme between the two banks of the Nistru River, and to continue the Framework Programme to support the Republic of Moldova in the preparation and implementation of new contractual relations with the EU (Association Agreement, Deep and Comprehensive Free Trade Area and Visa Liberalisation Dialogue).

2. Bilateral cooperation

Republic of Moldova - Ukraine

After Moldova and Ukraine have succeeded to delimit the border near Palanca village, [Moldovan officials](#) started discussing a “resetting” of relations between the two states. The

thawing of Moldovan-Ukrainian relations was marked by two diplomatic visits by Ukrainian Foreign Minister Konstantin Gryshchenko to Chisinau and Moldova's interim President Marian Lupu to Crimea to meet Ukrainian President Viktor Yanukovich there.

While on working visit to Chisinau on July 7, Ukrainian Foreign Minister Konstantin Gryshchenko met his Moldovan counterpart Iurie Leanca and discussed issues from agenda of bilateral relations. They included among others the implementation of agreements on highway area near Palanca village, so that not to affect the economic activity of residents there, cancellation of the obligation for Moldovan citizens to provide financial guarantees while crossing the Ukrainian border, continued demarcation of the common state border in the Transnistrian section, recognition of property rights, development of commercial-economic cooperation.

Another important issue on agenda of talks was development of cooperation between the two countries in the European integration area and in the framework of regional European initiatives. In this respect, the two foreign ministers signed a [joint statement concerning cooperation in the European integration area](#).

3. Multilateral cooperation

Republic of Moldova – Council of Europe

On June 7, the Secretariat of the Committee of Ministers of the Council of Europe (CoE) made public a [Stocktaking report on co-operation of the Republic of Moldova with the Council of Europe](#). According to the report's conclusions, Moldova seems to be on the right track to the completion of its remaining commitments towards the Council of Europe and the path of European integration. However, the CoE remains concerned about the political deadlock and urge Moldovan authorities to make efforts to reach a consensus that will unlock the stalemate. Besides, CoE recommends authorities to finalise and implement a number of important reforms, such as: 1) reform of the judiciary system and law enforcement structures; 2) the transfer of the responsibility for pre-trial detention centres from the Ministry of Internal Affairs to the Ministry of Justice; 3) ratification of the European Charter of Regional and Minority Languages; 4) adoption of a comprehensive anti-discrimination law.

The report also presents the priorities for future co-operation between the Council of Europe and Moldova. The CoE will continue to provide pre-electoral assistance and support the reform of the judiciary and law enforcement agencies, the implementation of the local autonomy and decentralization process, and confidence building measures between the two sides of the Nistru River.

Decisions of European Court for Human Rights (ECHR)

ECHR pronounced decisions on cases *Avram and others vs. Moldova*, *Dan vs. Moldova* and *Haritonov vs. Moldova* in the first half of July.

The Court indicated violation of the right to private life and family in the case *Avram and others vs. Moldova* and granted 23,000 Euros in non-pecuniary damages and 1,500 Euros in costs and expenses to the applicants.

In the case *Dan vs. Moldova* the ECHR indicated violation of the right to a fair trial and granted 2,000 Euros in non-pecuniary damages and 3,000 Euros in costs and expenses to the applicant.

In the case *Haritonov vs. Moldova* the Court indicated violation of the right not to be tortured or treated in an inhuman way and granted 4,000 Euros in non-pecuniary damages and 1,200 Euros in costs and expenses to the applicant.

V. COMMENTS

Debt crisis, export evolution and exchange rate – reflections on Moldova

Iurie Gotisan

Paradoxically or not, Moldova's economy is on the rise, the least accordingly to [statistics](#), despite the situation in the region and not only. Or, the economic growth in the 1st quarter of 2011 exceeded 8 percent, a unique level in this area. Even more, [exports are on the rise](#), too, compared with the similar period of last year, with this indicator revealing indeed that the productive sector is recovering after falling down in 2009. In addition, the latest IMF mission which finished on July 13 the third economic development revision in Moldova in the framework of the programme on Moldova assessed that the Moldovan economy redressed after the 2009 decline, and the forecast for future is positive.

However, the situation in the Eurozone does not advantage Moldova at all. Moldova's trade exchanges with the European Union are pretty high and cover almost half of imports and exports. Therefore, if the Eurozone faces an economic stress, the austerity measures it is taking now could affect Moldova in commercial terms, as our country has greatly strengthened its exports the last two years. Whereas Moldova's exports do not face any contractions or negative dynamic, but one should worry about decrease of export growth rate, as more than half of Moldovan exports go to the EU and austerity measures on community market will reduce the internal consumption in the EU.

All in all, perturbations in this area could affect the relationship with Moldova earlier or later. Vulnerabilities are serious in a country which has a growth model based on a rapidly increasing crediting, foreign credits and often speculative investments. Even more, inflationist expectations and differences of interest rates (on credits and deposits) are also pretty high. World prices of basic products such as hydrocarbons or foodstuffs will likely grow the next years and this is a quite hostile factor, which will bitterly hit any still consuming economy like the one of Moldova.

On the other hand, one may say that the conjuncture in this area will not seriously hit Moldova for the time being, as our country is not a strong player on exchanges or regional financial and currency markets like Romania or Bulgaria. These turbulences will not affect the economic growth of the country for the time being. Moldova is not a sovereign debt risk. Moldova's government-administrated external public debt counts for around 25 percent of GDP, and this is a rather acceptable level. In this respect, Moldova is not a sovereign debt risk, as any debt is translated into the need to borrow on international market, and the costs of these loans are very high in conditions of current turbulences.

Elsewhere, the financial-banking system in Moldova has pretty high solvency rates and is rated quite well and optimistically, as the National Bank updated the solvency criteria and guaranteed together with the Government their health and resistance to eventual new European shocks. The dynamic of international currency market redounds on domestic market for sure, as the domestic currency market is quite dependent on external developments. The leu/euro or dollar exchange rate may be explained from two points of view. Firstly, some objective factors crowd the euro. For example, the European currency has seriously depreciated versus majority of currencies in the world this year, both because of the crisis in Greece, Ireland and other countries, and following poor economic results in the Eurozone in particular and EU in general. However, this tendency will reverse its trend. But everything depends on the way the authorities of falling economies will realise the gravity of problems and will act appropriately. In addition, the conjuncture on domestic market could be regarded as seasonal, as the largest currency inflows come

in July and August, when Moldovans working abroad come back home for summer holidays and the central bank tries by direct interventions into exchange rate to control the inflation.

One does not know and cannot anticipate developments in the EU or Eurozone because of the sovereign debt crisis, at least on a long term. The external currency war could intensify, so that to hit the international commerce and the foreign trade of Moldova, and this is already happening. External prices of basic products may also be a negative shock for Moldovan economy, especially on inflation dimension, which could seriously affect the purchase power of population in one or another manner. Thus, these are external factors and authorities shall rely on own actions or measures such as more restrictive fiscal policies like reduction of expenses and increase of some taxes and fees, or more restrictive monetary policies, that means crediting policy which could also become more restrictive on short or medium term. Thence, authorities shall not rely on unilateral actions but on a combination or mix of policies.