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This issue is based on inputs from: Igor Botan, Elena Prohntitchi, Iurie Gotisan

# I. ACTIVITY OF PUBLIC INSTITUTIONS

## GOVERNMENT

### 1. Acts of major importance

#### *Engagement of responsibility for a draft law*

Invoking attempts aimed to illegally take over estates of some financial institutions, the Government of Moldova engaged its responsibility for a draft law on modification and completion of some legislative policies designated to execute legal decisions and operate deals on real estate market:

- It explains express the cases when the transfer of a share from the capital of a bank requires the preliminary written permit of the National Bank of Moldova and notes that the violation of these requirements means absolute nullity of transactions concerned;
- The right of property on securities will be transferred just if legal decisions concerning the deals become irrevocable;
- Legal executors will be obliged to grant a 15-day deadline to the parties to comply with the executorial document;
- Article 257 which allows law courts to order the immediate execution of decisions will be cancelled;
- The disciplinary board of executors will be subordinated and controlled by the Ministry of Justice, and others.

The draft law was promulgated by President of Moldova and entered into force, as the Parliament did not begin yet the session and no censorship motion was submitted. Meanwhile, prosecutor's organs filed criminal charges for frauds (illicit appropriation of goods of somebody by cheating or abusing of confidence).

### 2. Decisions

**Decision concerning the awarding of the National Prize of Moldova.** Under the decision, the National Prize for 2011 worth 100,000 lei each is awarded to:

- Gheorghe Ghidirim, Doctor of Medicine, lecturer, academician of the Moldovan Academy of Sciences, for outstanding accomplishments in medicine;
- Ion Dediu, Doctor of Biology, member of the Moldovan Academy of Sciences, for outstanding merits in environment sector;
- Svetlana Cojocaru, Doctor of Informatics, for outstanding results in mathematics and informatics;
- Vasile Botnari, Doctor of Agriculture, for outstanding results in agricultural technology area;
- Isaie Carmu, painter, for his work in the area of fine arts;
- Maria Biesu, honour academician of the Moldovan Academy of Sciences, opera (soprano) and lied singer, director, for prodigious activity in theatrical arts;
- Dumitru Matcovschi, poet, prose writer, playwright, publicist, translator, editor, academician of the Moldovan Academy of Sciences, for whole literary work;
- Nicolae Dabija, writer, for whole literary work;
- Tudor Casapu, athlete, coach, for outstanding sport results.

**Decision concerning the establishment of the Economic Council to advise the Prime Minister.** The council is established as an advisory organ to facilitate the dialogue between representatives of business community and politicians, in accordance with the setup and functioning regulation, with the view to develop a positive socioeconomic

climate and a discrimination-free and fair business environment to attract investments. The prime minister will nominate council members, and reports on activity of the council, decisions, and agenda of sittings will be published on the website of the Government.

**Decision approving the regulation and structure of the Ministry of Foreign Affairs and European Integration.** The drafting of a new functioning regulation was needed to adjust it to effective laws. The central administration of MFAEI will be made of maximum 177 units, including 20 units of building maintenance personnel. The foreign minister is assisted by two deputy ministers and a secretary-general, the ministry includes a 13-member college. The MFAEI structure includes the directorate for state diplomatic protocol; general directorates for European integration, bilateral cooperation, multilateral cooperation, international law, consular affairs, and the directorate for policy analysis, monitoring and assessment; the directorate for personnel and legal department; the interior audit service; the service for information and communication with mass media; the directorate for budget and finances; the directorate for documentation, special affairs and state diplomatic archives; the directorate for management and logistics; the building maintenance service.

**Decisions approving some draft laws:**

- Concerning the state aid;
- Concerning the competition;
- Concerning abusive clauses of contracts signed with consumers;

**Decisions concerning the allocation of funds:**

- The Prosecutor-General's Office is allocated 87,000 lei for special service missions to the Russian Federation and Ukraine;
- Local public administration authorities are allocated 15,681,800 lei to provide single indemnities for home construction or purchase;
- The Health Ministry is allocated 600,000 lei to cover some healthcare-related expenses abroad (no names of beneficiaries were reported);
- The Ministry of Culture is allocated 1,036,574 lei to organise and hold cultural-artistic manifestations on August 27, 2011.

**Decision approving the land cadastre.** As of January 1, 2011, the land cadastre did not change compared with 2010; it covers 3,384,600 hectares overall, including 228,300 hectares of irrigated fields and 69,200 hectares of drained fields.

### **3. Orders**

**Plan to renovate law courts**

Prime minister instructed the Ministry of Justice to table a plan aimed to renovate all law courts nationwide in a 5-year term and would cost about 20 million Euros.

**Assistance for air passengers**

Following long-delay flights in July 2011, the prime minister instructed the Ministry of Transportation and Road Infrastructure to transpose in the air transport regulation the best practices aimed to introduce compensations and assistance for passengers, in case of eventual denied access and cancelled or delayed flights.

**Hearings in territory**

According to a report by Government, an inefficient cooperation between Government and local authorities was signalled, and dignitaries refused visits and hearings in territory. The

prime minister instructed members of his cabinet to resume visits to areas and ordered a strict monitoring of efficiency of such visits.

### **Providing school transportation**

District heads tackled the purchase of buses to transport schoolchildren, with the prime minister urging their acquisition otherwise authorities should rent buses, so that to settle this problem before the beginning of the new school year.

### **Social aid system**

Deputy Prime Minister Mihai Moldovanu will set up a working group to consider the social aid providing system and to recommend solutions to improve the system and to involve beneficiaries of social assistance in works for community's benefit.

## **4. Sittings. Decisions.**

### **Sitting with district heads**

A sitting convoked by prime minister discussed issues relating to activity of local authorities, cooperation with central authorities, existing problems and ways to settle them. The premier assured that the Government is seeking a deep cooperation with heads of all Moldovan districts and invited participants in the sitting to call upon his cabinet to help them settle some problems. The prime minister recommended district heads to set up as soon as possible an association of district authorities. In their turn, district heads said that an association will be shortly established after the model of the Congress of Local Public Authorities of Moldova and recommended the participation of members of the cabinet of ministers in future meetings with the premier, so that to discuss and find solutions to their problems. The sitting decided to organise such meetings every quarter and to hold videoconferences in case of emergency.

### **Meeting with representatives of IT companies**

The meeting with the premier brought together representatives of the Ministry of Information Technology and Communications, Ministry of Finance, Ministry of Education, E-Governance Centre, institutions of higher learning. The discussion focussed on making conditions to develop the IT sector, reduce prices of computers for population, combat the illegal software import and boost professional education of IT specialists. Maintaining fiscal facilities for software manufacturers captured a special attention, as they run off in 2012. Representatives of IT sector requested competent authorities to preserve fiscal facilities for software producers the next years, so that to be able to maintain their competitiveness at international level, help developing the IT sector and open new jobs. The prime minister called for a fair solution to maintain fiscal facilities and ordered an analysis of the impact on this sector if the facilities are not cancelled.

### **Interdepartmental Strategic Planning Committee**

A sitting considered strategic priorities for reform actions to be implemented until October with the purpose to enhance productivity and competitiveness, improve conditions for business environment and attract new investments. The prime minister asked institutions participating in negotiations to prove a maximal responsibility for an accurate execution of assumed commitments, with the purpose to disburse the 20-million-dollar budgetary support of the World Bank for Moldova, noting that this amount is already foreseen in the State Budget. The second issue considered by the Interdepartmental Strategic Planning Committee was the list of priority projects to be funded from the E-Moldova Fund, with five projects being expected to begin this year with the financial support of the World Bank as part of the Governance E-Transformation Programme in Moldova. The estimated value of

projects is 12.4 million lei, of which 4 million lei will be spent to build a modern public e-procurement system, 3.5 million lei to build the software State Register of Education, which will include electronic registers of schoolchildren, teachers, teaching materials and education institutions; 3.5 million lei to build a modern document management system of the Government; 700,000 lei to consolidate the infrastructure of the database of the Special Telecommunication Centre, and 600,000 lei to develop the electronic register of holders of personal data, a priority project in the framework of the EU-Moldova visa liberalisation dialogue, which is part of the EU-Moldova Action Plan.

### **Visit to localities in Hincesti district**

The prime minister collected facts regarding works aimed to build homes and social facilities, which began last year after floods in the area concerned deprived hundreds of families of their homes. According to data provided by local public authorities, 318 families from Cotul Morii moved to their new homes, 18 wells were built and supply drinking water to population. Residents from the village of Obileni signalled that they were cut off electricity following a conflict between building companies and electricity supplier. Seventy-six families from the village of Nemteni moved to new homes, and another 19 homes are being built as part of the second round of building works performed with the support of Concordia Foundation.

### **Visit to Gagauzia**

During a sitting with the participation of members of the People's Assembly, executive committee, mayors from the administrative-territorial unit Gagauzia and managers of largest businesses from the region, Gagauz Governor Mihail Formuzal asked Prime Minister Vlad Filat to run for the office of Moldovan President because residents of the autonomy regard him as a national political leader and administrative personality. Filat said that the chief of state will be elected this autumn, as new early parliamentary elections are not welcome. The prime minister visited the race horse raising farm AT Prolin from Ceadir-Lunga, which raises race horses Orlov and went for a short riding there.

### **Sitting on drug trading**

According to reports by the Ministry of health and CCCEC, 96 percent of medications sold on domestic market were introduced into the price guide and thus drug prices decreased by 19 percent, compared with the similar period of last year, and a rise of drug prices was prevented this way, as they annually increased by more than 20 percent last years. Prices of medications imported from China, India and Syria did not decrease because neighbouring markets do not sell them and no reference prices are available. The premier instructed competent authorities to regulate better the opening of pharmacies, including in hospitals and clinics. He was angry that prices of certain medications were not lowered and noted that the public procurement system of hospitals and clinics shall improve.

## II. ECONOMIC POLICIES

### 1. Labour market

#### **Statistics say unemployment rate is falling down, while number of jobseekers is on the rise**

According to [NBS data](#), the **economically active population** (employed population plus jobseekers) of Moldova accounted for 1,328,700 people in the 1<sup>st</sup> quarter of 2011, by 1.5 percent (20,900 people) less than in the 1<sup>st</sup> quarter of 2010. The structure of active population changed as follows: the share of employed population increased from 93 percent up to 93.8 percent, while the share of jobseekers decreased from 7 percent down to 6.2 percent.

No major disparities of genders and areas were observed for economically active population: the share of men (52.3 percent) exceeded the share of women (47.7 percent), and the share of economically active population in rural areas was higher than in urban areas (52.5 percent vs. 47.5 percent).

**Employment rate of people aged at least 15 years** (share of active population aged at least 15 years in the overall population aged at least 15 years) was 44.7 percent and decreased compared with the same quarter of the precedent year (45.5 percent). This indicator was higher for men – 49.2 percent – than for women – 40.5 percent. The employment rate of population with ages admitted for employment (16-56 years old for women and 16-61 years old for men) was 52.4 percent.

**The employed population** accounted for 1,246,100 people, by 0.7 percent less than in the 2<sup>nd</sup> quarter of 2010. Like for economically active population, no gender disparities were observed (48.1 percent for women and 51.9 percent for men). These accounts concern areas (46.7 percent for cities and 53.3 percent for villages). The **employment rate for people aged at least 15 years** (share of employed population aged at least 15 years compared with the overall population of the same ages) was 41.9 percent, and dropped by 0.4 percent compared with the 1<sup>st</sup> quarter of 2010. The employment rate of population with ages admitted for employment (16-56/61 years) was 48.9 percent, population of ages 15-64 years – 46.3 percent, and the indicator for ages of 15-29 years was 29.2 percent.

According to the distribution on *activities in domestic economy*, about 388,000 persons (more than 31 percent of the overall number of employed population) were employed in *agriculture sector*. The number of population employed in agriculture dropped by 24,400 people or about 6 percent, compared with the 2<sup>nd</sup> quarter of 2010. More than 858,000 persons were employed in *non-agricultural activities*, which is by over 15,000 people or about 2 percent more than in the 2<sup>nd</sup> quarter of 2010. The share of people employed in *industry* was 12.6 percent, and another 5.8 percent was employed in the *building sector*. More than 50 percent of employed population worked in the *service sector*, and their number increased by 1 percent, compared with the 2<sup>nd</sup> quarter of 2010.

More than 13 percent of the overall number of people employed in economy worked in the *informal sector*, and about 33 percent had *informal jobs*. Salary-earners count for 25 percent of the number of informally employed people, and more than 12 percent of the overall number of salary-earners had informal jobs.

**The number of jobseekers** estimated accordingly to the methodology of the International Labour Office accounted for 82,600 people, by 11,900 people less than in the 2<sup>nd</sup> quarter of 2010. The unemployment hit more men – 59 percent of the overall number of jobseekers, as well as urban population – more than 60 percent. The **unemployment rate** (share of ILO jobseekers in active population) on country was 6.2 percent, and declined compared with the 2<sup>nd</sup> quarter of 2010 (7 percent).

## 2. Public funds

### ***Radical measures used to increase budget collections...***

The Ministry of Finance has recently published on its website [a draft](#) amendment and completion to the Fiscal Code, which seeks indirect taxation methods and their introduction starting January 1, 2012, despite contradictory opinions of AIE about their enforcement in Moldova. According to the ministerial draft, the indirect methods aimed to estimate the taxable revenue of individuals are “methods used to establish the taxable income estimated on the basis of an analysis of the fiscal condition of individual, by using information from a large range of sources, not only fiscal reports of the individual concerned.”

Subjects of the estimation are individuals who are residents of Moldova, citizens of Moldova who are not entrepreneurs and: **a.)** during a fiscal year get assets (real estates, securities, transports, currency) worth one million lei altogether, except for individuals who are owners of real estate which was being built before January 1, 2012, but registered it with the cadastral body after this date; **b.)** During a fiscal year operate individual spending of more than 300,000 lei, except for expenses indicated above.

Some parliamentary parties criticised the budgetary-fiscal policy drafted by the Ministry of Finance. On the other hand, the ministry assured that these taxation methods do not concern the money earned abroad and do not bring an additional tax, but come to identify individuals who own assets and properties but do not pay income taxes. For example, the Romanian Government approved indirect taxation methods without any problem. Thus, starting January 1, 2011 Romania introduced taxes on incomes from unidentified sources of individuals.

### ***Census of employees in public sector – measure to optimise expenses...***

Elsewhere, a previous issue said earlier this year that 2011 should be the year to optimise public funds. Thus, the Government decided to hold a census of employees in public sector and staff-related spending, an action which is welcome, but should focus on planned goals and should be implemented till the end.

The census will cover all salary-earners from public institutions and will count employees of all institutions funded from the National Public Budget, including the state budget, budget of administrative-territorial units, state social insurance budget, and healthcare insurance fund.

In order to conduct the census, public institutions will fill up an application and a related annex, respecting methodological indications which will be included into a package of documents attached to a letter for each institution. The package of documents and annex will be sent to the central or local public authority in charge with institutions concerned.

## 3. Banking system

### ***Shifts on banking market – rating falls...***

The Investment Consulting Agency EVM Consulting has recently worked out a [new research](#) and rated the bank performance for the first half of 2011. It reveals a strong growth of overall return and total net income on banking system, by 13.7 percent and 10.3 percent respectively, compared with the similar period of 2010. On the other hand, some interesting changes in the bank performance rating were observed, compared with the 1<sup>st</sup> quarter of 2011.

In particular, *BCR Chisinau* fell down 11 places in the rating in the 2<sup>nd</sup> quarter, from the 3<sup>rd</sup> place at the end of the 1<sup>st</sup> quarter of 2011 down to the 14<sup>th</sup> place. There was a repetition of the situation observed in the 3<sup>rd</sup> quarter of 2010, when BCR fell from the 3<sup>rd</sup> place down to

the 15<sup>th</sup> place. According to EVM Consulting, the bank failed to manage expenses as well as it has done in the 1<sup>st</sup> quarter, and it got a profit worth 99,500 lei only. As well, the bank could not achieve a high shareholder capital and incomes.

At the same time, *Eximbank-Gruppo Veneto Banca* fell 6 places down to the 12<sup>th</sup> place, like in the 1<sup>st</sup> quarter of 2010. *Banca Sociala* and the *Savings Bank* dropped 5 and 3 places respectively, down to the 10<sup>th</sup> and 11<sup>th</sup> places in the rating.

The bank performance top was headed again by *Moldova Agroindbank*, leader of sub-ratings in terms of “overall return”, “net revenue”, ROE and ROS. This bank reported the highest return on equity (ROE) and return on sales (ROS), respectively 9.3 percent and 29 percent. *Victoriabank* regained the 2<sup>nd</sup> place, which it keeps since the 2<sup>nd</sup> quarter of 2010. The *Savings Bank*, which was ranking the 8<sup>th</sup> place three months ago, fell three places down to the 11<sup>th</sup> in the 2<sup>nd</sup> quarter.

Comertbank climbed 5 positions, up to the 6<sup>th</sup> place. There are some evolutions in the middle and bottom of the rating. Banks which climbed in the rating for the first six months of this year include *Mobiasbanca - Groupe Societe Generale* (+ 3 steps, up to the 4<sup>th</sup> place), *Moldindconbank* (+1 step, up to the 3<sup>rd</sup> place), *EuroCreditBank* (+5 steps, up to the 9<sup>th</sup> place), *Unibank* (9 steps, up to the 5<sup>th</sup> place), *Energbank* (+3 steps, up to the 7<sup>th</sup> place), *Fincombank* (+1 step, up to the 8<sup>th</sup> place). *Procreditbank* and *Universalbank* ranked the same place like in the 1<sup>st</sup> quarter of 2011, respectively the 13<sup>th</sup> and the 15<sup>th</sup>. It is worth recalling that starting this year the independent think tank *Expert-Grup* works out a [quarterly bank performance rating](#).

### III. TRANSNISTRIA

#### ***Preparations to resume “5+2” consultations***

Sergei Gubarev, a special envoy of the Russian Foreign Ministry in the Moldovan-Transnistrian negotiation process, visited Tiraspol on August 17, 2011. The purpose of the visit was to make clear the position of the Transnistrian side prior to the September-scheduled second round of the informal „5+2” meeting in Moscow. The Russian diplomat and Transnistrian foreign minister Vladimir Yastrebchyak discussed evolution in Tiraspol-Chisinau relations from perspective of an eventual development of the dialogue between the sides. The conclusion of the Russian diplomat was that an agreement between Chisinau and Tiraspol is difficult so far. Anyway, the Russian diplomacy will insist on an agreement regarding solutions to the Transnistrian conflict. However, the parties feel the situation differently. Even more, Moscow is ready to seek the institutionalisation of the “5+2 consultations but within reasonable limits... We are dealing with this issue for a result, rather than for the sake of the process. Regretfully, it is hard to get a practical result in the informal format. We do not have an appropriate instrument. And formal negotiations are such a tool.”

In his turn, Vladimir Yastrebchyak assured that the resumption of the official “5+2” negotiations would make any sense just in case they can produce concrete results. However, it is hard to speak about prospects of resuming the official “5+2” negotiations without accepting an equal footing for the parties, without “removing existing barriers, formulating a clear working agenda, and establishing accurate rules of the game, including principles to develop a dialogue.” The head of the OSCE Mission to Moldova, Mr. Philip Remler, has also met Vladimir Yastrebchyak in Tiraspol and received details regarding the position of the Transnistrian side.

Transnistrian leader Igor Smirnov stated in an interview on August 31:

- “The position of Transnistria is unchanged prior to the September-scheduled second round of the informal „5+2” meeting in Moscow.”
- Transnistria is ready for negotiations, but its people must decide the future of Transnistria, the way the Moldovan people decides its future. However, Tiraspol does not have anybody to negotiate in Moldova for already two years. „What kind of society is this since for already two years it failed to elect a chief of state? We have 1,030 parties and social movements, but the society is not divided in terms of state leadership. As for Moldova, one side of society wants to join Europe and another focuses on the East”;
- The position of Tiraspol is based on constitution and the September 17, 2006 referendum on association with Russia;
- Transnistria will keep building its own system by harmonising it with the Russian legislation in all fields;
- Tiraspolul could introduce economic sanctions for Moldova, as Chisinau holds an economic blockade and Transnistria-based enterprises have to operate in these conditions;
- Tiraspol addressed a letter to Russian Premier Vladimir Putin and asked him to accept Transnistria as observer in the Russia-Belarus-Kazakhstan Customs Union.

#### ***Smirnov faces pressures prior to presidential electoral campaign***

Preparations for the presidential elections in Transnistria set for December 11, 2011 are at height. The People’s Union was established during a congress in late August to “develop and strengthen the statehood of the Transnistrian Moldovan Republic (TMR), ensure the

security of the country against internal and external dangers, preserve and develop the single historical community of the Transnistrian nation.” The movement is build after the model of the recent Russian People’s Front and brings together 15 public patriotic organisations: Union of TMR Defenders; „Memoria”; United Council Staffs, Transnistrian Union of Afghan War Veterans, Union of Transnistrian Women, etc. The congress elected the chairman of the Union of Transnistria Defenders, Igor Dudkevich, as leader of the central coordinating council of the movement. Delegates asked Transnistrian leader Igor Smirnov to run for a new presidential mandate. On the other hand, Smirnov’s opponents from the Transnistrian region released statistics to reveal effects of the 21-year rule of Smirnov:

- Smirnov’s clan maintains the control on the region, producing corruption and driving people to desperation on background of deepening economic crisis.
- Budgets with deficits between 40 and 60 percent are annually adopted and are covered from Russian resources, which representatives of Smirnov’s clan embezzle;
- The trade balance deficit is on the permanent rise. Transnistria-based businesses exported goods worth 346 million dollars in January-July 2011 (by 5 percent less than last year), while imports of goods increased three fold, up to 902.67 million dollars (by 21 percent more than last year). In consequence, the trade balance deficit doubled and exceeded 556.5 million dollars;
- Prices go up at full tilt. Prices of goods and services increased by 11.35 percent on average in Transnistria in January-June 2011. Prices of manufactured goods increased the most, by 14 percent, and prices of food products rose by 9 percent;
- Transnistria’s debt for gas amounts to 2.7 billion dollars;
- Difficult social condition and dispersed population have a major impact on demographical situation. Transnistria’s population decreased by about 25 percent during Smirnov’s rule. The population in Transnistria declined by 1,549 people this year, as of early August. The infantile death rate is on the permanent rise, by 16.1 percent more than in the similar period of 2010.

In these circumstances, the head of the Supreme Soviet of Transnistria, Anatoli Kaminsky, a major political rival of Smirnov, is competing to substitute Smirnov in Moscow’s graces. Last July Kaminsky met highest-ranking functionaries from Russia, gaining the open support of the ruling Russian party Yedinaya Rossia. On background of criticism against Smirnov’s clan for embezzlement of very large amounts of the Russian support, Kaminsky came back from Moscow to bring the “good news” that Russia provides a new assistance of about 200 million roubles (about 70 million dollars) to Transnistria, and will keep assisting the region in future under guarantees of the Supreme Soviet of Transnistria that the funds will be spent accordingly to destination and as part of the Transnistria Development Strategy until 2025, which the Supreme Soviet worked out together with the Russian State Duma.

## IV. FOREIGN RELATIONS

### 1. European integration

#### ***Moldova-EU visa facilitation agreement: second round of negotiations***

Chisinau hosted on August 29 the second round of renegotiations on the Moldova-EU Visa Facilitation Agreement signed in 2007. According to a [MFAEI communication](#), the renegotiation of the agreement was necessary to adjust the new EU Visa Code enforced in April 2010, and to extend visa issuance facilities for Moldovan citizens after the visa liberalisation dialogue. In particular, the parties discussed the enlargement of categories of people to enjoy facilities while presenting trip justifying documents, so that to be issued multi-entry visas for one and five years, as well as categories of people to enjoy visas free of charge.

Next round will take place in Brussels in October 2011.

### 2. Bilateral cooperation

#### ***Republic of Moldova - Russia***

On August 3, 2011, Moscow hosted consultations between Foreign Ministries of Moldova and Russia at level of deputy ministers, with delegations being headed by Andrei Popov and Grigory Karasin. According to press services of both [ministries](#), the sides discussed issues related to bilateral political, economic and humanitarian cooperation. A special attention was paid to efforts to restart the 5+2 negotiations on settlement of the Transnistrian conflict in the framework of the September-scheduled 5+2 meeting in Moscow. While on visit, Deputy Minister A.Popov met Russia's representative in the negotiation process, Ambassador S.Gubarev.

**Note by ADEPT:** Some politicians from Chisinau were sceptical that the eventual resumption of the 5+2 negotiations could encourage the Transnistrian conflict settlement. According to the Chairman of the Liberal Party, Mihai Ghimpu, the Transnistrian conflict should not be discussed with Tiraspol authorities and this conflict can be settled just within a dialogue between Chisinau and Moscow. Russia's influence on Moldova, Ghimpu continued, obstructs Moldova to join the EU.

#### ***Republic of Moldova – Romania***

The Moldovan-Romanian relations continued to develop in August, especially in terms of institutional cooperation.

After the Romanian Government initially informed that it will grant 2,150 scholarships to Moldovans for the academic year 2011-2012, on August 24 the [Romanian state](#) decided to double the number of seats and increased the number of scholarships for Moldovan youths up to 5,000 seats.

Another event was the [signing](#) of a joint action plan on new tactics and methods against crimes cooperation by Moldovan and Romanian Interior Ministries. The document signed on August 4 will facilitate cooperation and exchange of operative information, as well as prevention and fight against cross-border organised crimes between 3 subdivisions of the Moldovan Interior Ministry, directorate for special missions, directorate for investigations and interior security, and general directorate for information and interior protection of the Romanian Interior Ministry.

A Moldovan Consulate opened in the Romanian city of Timisoara on August 31, with the financial support of honorific consul and Professor Silviu Sofronie. According to the

[Ministry for Foreign Affairs and European Integration](#) (MFAEI), the Consulate in Timisoara will not provide consular services (it will not issue notarial acts and documents) but in exclusive situations with the consent and upon indication of MFAEI. The consulate will cover counties of Timisoara, Arad, Bihor, Hunedoara and Caras-Severin.

### ***Republic of Moldova – U.S.***

On August 25, Victor Bodi, Secretary-General of the Moldovan Government, and Marcus Micheli, charge d'affaires of the US Embassy, [signed](#) the first amendment to the July 6, 2010 economic growth sustenance agreement between the U.S. and Moldovan Governments. According to the agreement, the U.S. was expected to allocate 10 million dollars to Moldova for economic development. The amendment calls for the doubling of funds, up to 20,460 million dollars. The U.S. financial support will be spent to implement the programme of the Moldovan Government aimed to improve the business environment, promote exports, enhance competitiveness and encourage economic activity in general. The assistance will be also used to set up a working group to advise the Ministry of Finance to revise the Customs Code of Moldova, so that to fit European standards.

## V. COMMENTS

### Sad end of “success story”

By Igor Botan

#### 1. Accomplishments of AIE in first half of 2011

The end of the spring-summer parliamentary session was an occasion to summarize the work of the Alliance for European Integration (AIE). Representatives of two AIE member parties – Democratic Party of Moldova (PDM) and Liberal Party (PL) – avoided telling the public opinion any achievement of the ruling alliance. Only the leader of the parliamentary faction representing the Liberal Democratic Party of Moldova (PLDM), Valeriu Strelet, gathered journalists to inform them: “During the spring-summer parliamentary session the PLDM faction focussed on earlier set objectives exclusively, notably **turning the Republic of Moldova into a really free, democratic, European and wealthy state...** PLDM tabled 28 legislative initiatives during the parliamentary session, of which 6 were adopted, another 21 are being worked out, one was withdrawn and another one was turned down. As well, PLDM deputies along with AIE fellows tabled 12 legislative initiatives, of which 8 were adopted.”

That’s what AIE has accomplished in a move “*to change to the end*” and accomplish *welfare, respect and progress in a poverty-free Moldova*. In the framework of this result, the prime minister and PLDM leader, Vlad Filat, noted: „Unfortunately, a series of important draft laws tabled by Government were aimless in eyes of the Parliament. This regrettable situation will produce direct consequences inclusively in terms of budget collections, as well as of pace of this reform process.” The premier has earlier feared that “there is no progress” and he told this truth just two months after US Vice President Joseph Biden and Poland’s Prime Minister Donald Tusk visited Chisinau upon his invitation, with the purpose to assure themselves of the “success story” of reforms in Moldova. The first even promised “I’ll be back!” to enjoy the results of success together with Moldovan population, while the latter anticipated the eventual consolidation of success after the takeover of the EU Council Presidency by Poland and support to European approaches of Moldovan authorities.

After ascertaining that “things do not work”, the premier invited the EU High Representative for Foreign Affairs and Security Policy, Mrs. Catherine Ashton, and European Council President Herman Van Rompuy to visit Moldova and assure themselves that in fact the “success story” turned into the “Ukrainian syndrome” and a “European mandate” is required to rescue the situation. Then proper rescue measures were explained but they were postponed till autumn: “Actions to be taken by the prime minister, the Reform Committee, and the Economic Council will be introduced into agenda on autumn. As for example, staff reshuffles in the cabinet of ministers.”

#### 2. Who is to blame?

In order to make the “European mandate” aimed to redress the situation bend over sovereignty of people, Premier Vlad Filat opened what he promised to be “periodical” consultations with citizens, civil society, academia, businessmen, opposition, etc., and the first round of talks ended with the July 12 Appeal by prime minister to population. The message explains why “things do not work”:

- There is a big difference between the way the prime minister and some AIE members understand the role of AIE;

- Political pressures on Government and prime minister have increased when they started fighting against fraudulent schemes in state enterprises;
- The Government does not face the communist political opposition but the resistance of AIE member parties PDM and PL, which are angry with the results of PLDM at parliamentary and local elections, with the two components focussing on barring the work of the premier by passing all decisions through diverse party filters, depending on the interest of one or another politician;
- The true danger is related to the “mafiotisation” of the Republic of Moldova, rather than to an eventual “communisation” of the country.

In fact, the consultations held by Premier Vlad Filat explained in an acceptable manner what he has earlier explained clearly but scandalously – the existence and functionality of AIE are threatened by a malefic “jigger” who blocks the reforms and actions of the Government by pulling wires to animate his “marionettes” from higher levels of state institutions and juridical system. Although it was clear from the very beginning who this character is, the premier had the duty and the exclusive advantage to make public the name of the one who captured Moldova in “tentacles”. Journalists succeeded and the name of the “jigger” was pronounced – the deputy chairman of PDM, Deputy Speaker Vladimir Plahotniuc. In order to demonstrate his decision to get off tentacles and unlock the activity of his cabinet, the premier sent the following message to those who try to oppose his initiatives: “I am ready to fight with them till the end even at the cost of my image.”

### 3. *What to do?*

According to the premier, the situation will be relieved only after some actions, including:

- To actuate the development of reform process and fight against corruption;
- To make state institutions functional, so that not to reset them every time when ruling parties change, and make them serve the needs of population rather than interest groups;
- To assess the work of the cabinet of ministers and independent public institutions, and operate staff reshuffles;
- Every AIE member party including PLDM shall assess the work of heads of institutions they have nominated, and then discuss these assessments and make appropriate decisions;
- To adopt a law on ministerial responsibility, so that “each member of the cabinet of ministers to carry responsibility for this activity”;
- To modify the law concerning the Government, so that to remove provisions on Government’s Presidium which proved to be a bureaucratic and useless instrument;
- To reintroduce the precedent decision-making formula for the Government, so that to let a simple majority of cabinet members who attend sittings to make decisions;
- To depoliticise law institutions – the judiciary, Prosecutor-General’s Office, Information and Security Service (SIS), Interior Ministry, and Centre for the Combat of Economic Crimes and Corruption, with the purpose to break up the vicious circle of a corrupt system following the excessive politicisation: nomination of heads under political criteria and own interests;
- To ensure political stability by overcoming effects of constitutional crisis.

In fact, **ensuring political stability** is the apogee of the Premier’s Appeal to citizens, which stresses that “political instability slows down the reforms, foreign investments and hits the external image of our country”; therefore, this problem “is of utmost importance.” Stressing the goal of ensuring political stability by overcoming the constitutional crisis, the PLDM leader promised to do his best against new early elections, inviting all political parties to resume the dialogue on election of chief of state, but acknowledging that one of

worst mistakes committed by AIE was to cease the talks with the opposition. However, following is needed to prevent early parliamentary elections:

- To combat the personalisation of functions, which is to blame for the impossibility to elect the chief of state;
- To combat the egoism in terms of national interests that should not be sacrificed for vanity of somebody.

Anticipating criticism related to plans to revise the December 2010 AIE Building Agreement, the premier noted that he will not break up the alliance, and his proposals “cannot be regarded as a **reformation** of AIE, a term which seems to be used often by certain politicians on any occasion. This is in fact a **functional resetting** of the alliance, an absolutely necessary method to ensure stability in country and efficiency of the ruling act.” The proposals concerned seek two approaches:

- All parliamentary parties shall find a consensus-based candidacy for the post of president of Moldova after a constructive dialogue;
- All parliamentary factions shall amend the Constitution with the purpose to reintroduce the procedure of election of chief of state by population.

Thus, the launching of the procedure of election of chief of state is a bifurcation point, which once crossed, will seal the existence of AIE. In other terms, PLDM says that provisions of the AIE Building Agreement concerning the distribution of higher state offices, which say that PDM leader Marian Lupu shall be unanimously supported to the office of president of Moldova and PL chairman Mihai Ghimpu to the post of speaker of the Parliament, are not intangible any longer, but vice versa. The argument of PLDM is that the constitutional crisis cannot be settled without PCRM, while hypothetical solutions to the crisis recommended by PL and PDM exceed the constitutional framework.

Despite criticism, the Appeal of Premier Vlad Filat to citizens is a precious document, at least for the fact that it explains all nuances of relations between AIE components. By releasing this appeal, the premier and PLDM leader took over the political initiative and indicated new priorities, demonstrating that he has built the largest manoeuvre field based on several pillars:

- „EU mandate”;
- Civilian support institutionalised through the “Reform Committee”;
- Business support institutionalised through the “Economic Council”;
- Understanding of the opposition Party of Communists of the Republic of Moldova (PCRM).

#### **4. Reaction of PCRM to conflicts inside of AIE**

While Premier Vlad Filat was holding consultations with society, the parliamentary faction of PCRM released a statement on June 29 to describe conflicts between AIE leaders as “settling accounts” like that between heads of “organised criminal groups” rather than a debate between some political leaders at national level. In consequence, PCRM recommended the landing of the Parliament leadership as a solution to the conflict. Although implicitly, the PCRM initiative addressed the PLDM, with parliamentary factions representing the two parties holding a qualified majority of at least 2/3 of votes needed to relieve the speaker of the Parliament of his position.

The initiative of PCRM had a meaning just in the perspective of implementing an alleged plan to let Premier Vlad Filat take over temporarily the office of interim chief of state, in accordance with constitutional norms, with the purpose to get rid of disloyal ministers from his cabinet. Therefore, the PCRM would have accepted to support a minority Government of PLDM, without formalising any coalition, in exchange for the election of a PCRM

representative as head of the Parliament, who would also take over the office of interim president until election of a chief of state in line with constitutional norms and legislation in effect. If such a plan existed, it was made to “test brains”. PCRM cannot hide the desire to use dissensions inside of AIE in order to destroy it with the aid of PLDM, which it would further eliminate or control by annihilating any field. However, it seems that the PLDM leader has a good adviser to avoid repeating the experience of cooperation between the Christian Democratic People’s Party (PPCD) and PCRM.

One week after the PCRM released the statement concerned, Premier Vlad Filat met Vladimir Voronin as part of consultations with society, with the PCRM leader further eulogising the premier, introducing him as “the best” of AIE leaders. Therefore, the PCRM changed its message, seeking an informal large coalition to overcome the constitutional crisis. In this regard, PCRM leaders promised to stop boycotting parliamentary sittings and continue their activity during plenary sittings in September, when the autumn session will begin.

## 5. Reaction of PDM and PL to premier’s Appeal

Although coalition partners PL and PDM do not have any manoeuvre field, they hold instead a large arsenal of possibilities to reduce the upsurge and claims of PLDM leader and his party. Thus, PL and PDM leaders reacted immediately to premier’s appeal to citizens, proving more virulence than expected. Both PL and PDM leaders and their supporters called in question:

- *The sincerity of the premier.* According to PL and PDM representatives, Premier Filat is not frank when he affirms that the Government Presidium hedges his activity, saying that after the AIE-2 was established the presidium considered more than 500 drafts and turned down just five of them, which means less than one percent. Following the September 2010 story about manipulated engagement of premier’s responsibility for a draft law which deputies wanted to back anyway, Vlad Filat did not have any moral right to invoke the uselessness of the presidium;
- *The capacity to work in team and communicate normally with fellows.* Leaders of PL and PDM claim that blockages indicated by prime minister are a response to the refusal of PLDM to discuss in the Alliance Board (in line with the AIE Building Agreement) problems carrying difficulties and requiring a principle consensus between allies above all, before any public debates. In order to motivate their accusations that the premier is arrogant and authoritarian, AIE allies invoked the withdrawal of outstanding members from PLDM last year, particularly of the former leader of the parliamentary faction and first deputy chairman of PLDM, Mihai Godea, former justice minister Alexandru Tanase, lawyer and former chairman of the parliamentary commission in charge with investigation of the April 7, 2009 riots, Vitalie Nagacevschi, and other known competent personalities. This way, PL and PDM leaders tried to blame the PLDM for the conflicts inside of the alliance, as many known personalities have left this party;
- *The trueness of ambitions to set itself up as only promoter of reforms, fighter against corruption and fraudulent schemes.* PL leader Mihai Ghimpu derided the capacity of PLDM to implement reforms, saying that “replacing the man of „P” with the man of „F” is not a reform.” The way the conflict related to the bakery Franzeluta was provoked and settled raised much perplexity. The replacement of the former Franzeluta manager with a known PLDM member (former director of the same enterprise nominated in 2003 and relieved from office in 2004 during the PCRM rule) was enough to throw doubts on credibility of plans indicated in the appeal of the premier to citizens.

By invoking these arguments, PL and PDM leaders invited Vlad Filat to stop stratagems and quickly decide himself if he wants to destroy the AIE and make a coalition with PCRM.

If he does not lead the Government in a collegial manner any longer, he shall step down as prime minister, the way he has earlier called: “the one who cannot work shall leave.” Objective or subjective reactions of premier’s opponents demonstrated that the appeal to citizens failed its goal to throw the blame on alliance partners. Finally, the appeal did not motivate PL and PDM leaders to fix up the conflict inside of AIE, nor warned them in connection with the “necessary measures” that the premier will have to take.

Given this state of things, Vlad Filat found himself in a delicate situation – his AIE fellows do not believe that he is frank and capable to accomplish his warnings. Consultations with society and opposition do not enlarge the manoeuvre field of the premier, perhaps just the PR and image-making ground. PL leader Mihai Ghimpu stated unequivocally that all the ways of manoeuvre of the prime minister have been considered and they are inoffensive:

- *A coalition between PLDM and PCRM* would ruin the first and would be refused by the latter, which speaks about an eventual informal large coalition for clearly expressed interests that would at least ascertain the death of AIE. Realising these facts, the PLDM leader assures citizens in his appeal that he will not be the first to break up the alliance;
- *The resignation as prime minister* would be a mistake, while the repeat invocation of this threat would put him in an embarrassing situation, as nobody would believe him. In fact, the resignation of prime minister would aim just to challenge early parliamentary elections, which could be also provoked by incapacity to elect the chief of state. However, PLDM should not dream about better results than those of the November 2010 parliamentary elections. The June 2010 local elections proved that PLDM is falling down after losing all known members. The administrative factor following the recent victory in mayoralties of approximately 1/3 localities and about 40 percent of offices of district heads would hardly compensate the withdrawal of known personalities, particularly after some of them launched own political projects and say that they have supporters in PLDM inclusively. In addition, challenging early elections by stepping down as prime minister would mean the self-evident and imminent establishment of the post-electoral alliance of PLDM and PCRM (if the latter would not become an absolute winner given the “quality” of AIE rule), so that it makes no sense to challenge elections. The last factor would build an extremely virulent information environment for PLDM. In general, any action taken by PLDM to become partner of PCRM would turn the first into a second-hand partner and deprive it of any manoeuvre field (*the game is not worth the candle*);
- *The engagement of responsibility* for a reformist programme is problematical because after the withdrawal of known personalities from this party little would be capable to work out an original programme which would survive in the current adverse conditions, both from PCRM and AIE fellows.

The circle is close and the manoeuvre field is narrow. In these circumstances, PLDM does not have any other way but to keep a firm hold on “overcoming the constitutional crisis” by finding a formula to elect the chief of state. PLDM has reasons to refrain from launching the procedure of election of chief of state in line with legislation in force, the way the PCRM wants. The PCRM solution to choose a common candidacy is dangerous, as this party is capable to block it at any moment in order to challenge early elections, which it could win alone. On the other hand, PLDM does not like the solution proposed by PL and PDM – to modify the Constitution in order to gradually reduce the threshold for election of chief of state, so that to be able to elect the president with a simple majority of votes of deputies. PLDM warms just one way – the direct election of chief of state, as this is the only way for its leader Vlad Filat to run the supreme office. Everybody understands this fact. PCRM leader Vladimir Voronin has already stated that this solution was and is unacceptable for his party. The honour chairman of PDM, Dumitru Diacov, disagreed with this solution, hinting that conflicts inside of AIE are a consequence of the bids of PLDM

leader to run the supreme office. PL leader Mihai Ghimpu alone would accept the direct election of the chief of state after the adoption of a new Constitution. However, the PL leader stressed that the chief of state could be elected directly just after resolution of political crisis and fulfilment of agreements inside of AIE.

In these circumstances, the lifebelt for PLDM is to adopt a new Constitution, a solution proposed and promoted by PL leader in 2010 but barred by PLDM inclusively. The leader of the PLDM parliamentary faction, Valeriu Strelet, confirmed the idea of adopting a new Constitution: “an ample improvement of the Supreme Law is required; we will seriously discuss **the text of a new Constitution**... there are two ways to settle the constitutional crisis in the Republic of Moldova and elect the chief of state... The first one is to release a legislative initiative in the Parliament, but the support of deputies is needed, or there is no other solution but to hold a referendum.” It is worth noting that an issue already voted at a referendum cannot be brought to referendum for the second time before two years.

## 6. Conclusions and medium-term expectations

### *End of unbegun story*

- The Appeal of Premier Vlad Filat to citizens recognised the ending for the “success story” preceded by the message sent by the EU representative in Chisinau, Dirk Schubel, to Moldovan authorities: “the honeymoon between the EU and the Republic Moldova is over, now it’s time for concrete reforms and actions.” However, reforms cannot develop because “things do not work” inside of AIE;
- Attempts to make clear why “the things do not work” pushed the AIE to the bridge of collapse. Premier and PLDM leader Vlad Filat individualised the one who is to blame for the blockage inside of AIE – the “jigger” who enveloped the Republic of Moldova with the mafia tentacles by using his “marionettes”. On the other hand, PL and PDM leaders say that the PLDM chairman is also to blame for his failed ambitions and incapacity to communicate normally with his fellows and meet commitments foreseen by the AIE Building Agreement;
- Many statements by PLDM leader concerning the AIE in general and his PDM and PL fellows in particular are credible, but adverse affirmations are credible, too. Given the *truths* that AIE leaders revealed reciprocally, as well as after the public use of a vocabulary like that described above, one should be naive to believe that AIE is so far able to function in an acceptable manner or to enjoy a massive moral support;

Arguments regarding the need to preserve the AIE in order to prevent the comeback of the PCRM rule do not persuade the PLDM leader any longer. However, the collapse of AIE by PLDM carries many risks for the prime minister and his party. Therefore, any alliance between PLDM and PCRM is improbable but not impossible, despite the call for a dialogue with PCRM.

### *Small manoeuvre field for PLDM*

- An eventual coalition with PCRM would turn the PLDM into a secondary partner. Since the PCRM does not forget the myth about its removal from governance in 2009 through a “coup d’etat” directed by PLDM leader Vlad Filat himself, the latter would have to feel guilty for the moral sufferings of Vladimir Voronin. Thus, if he builds a coalition with the PCRM, the PLDM leader will have to revise his attitude towards the April 7, 2009 events, give up the political priority “Voronin-free Moldova, Communist-free Moldova” and public promise to build a monument for “victims of Voronin’s regime.” Even more, PLDM would have to accept a ruling programme mainly worked out by PCRM experts, etc.;
- Hence, the manoeuvre field of PLDM is limited enough, despite appearances. The only goal of PCRM now is to split the AIE, rather than to make a coalition with PLDM, and

that's why it seeks a large coalition with the declared purpose to overcome the constitutional crisis by electing the chief of state.

### *Manoeuvre field of PCRM*

- The PCRM would like to see the chief of state election procedure released as a mechanism to challenge early parliamentary elections. The collapse of AIE would be a clear premise that Moldova cannot be ruled without PCRM. In these circumstances, it does not matter if AIE components warm the PCRM initiative to choose a consensual candidacy for the post of chief of state. Since the chief of state is elected by secret vote, the PCRM would be able to break down this procedure "in secret" without running any risk to be accused. On the contrary, AIE deputies would be rather blamed, as they have never known what they have to do;
- Given the collapsing AIE, the PCRM leader does not want just to get back the rule, but a triumphant and loud comeback. Therefore, the PCRM would like to come back with the same title as it had before being removed through the "coup d'etat". This explains why PCRM leader Vladimir Voronin stopped discussing the *rebranding* of PCRM;
- Attempts to prepare the field for an eventual coalition of PCRM with PLDM through "modernisation and rebranding" of PCRM were suddenly stopped by Vladimir Voronin who acknowledged the managerial skills of his young fellow Igor Dodon and the loud success of the latter at the recent municipal elections, but noted that he is "less experienced than PLDM is" in political terms.

### *Expectations from AIE*

- Given the lack of mutually acceptable solutions to the institutional crisis, AIE members will likely try to mimic efforts to find solutions in order to save time, the least until spring 2012 or even later;
- AIE components will likely keep a firm hold on decision and recommendations of the Constitutional Court concerning the settlement of the constitutional crisis, proposing diverse ways to amend the Constitution or adopt a new supreme law. The adoption of a new Constitution is stipulated even by the ruling programme of AIE and this process could be very long, at least half a year, one year or more.

### *Expectations from PCRM*

- PCRM understands artifices that AIE components are capable to use and that's why it prepared a pressing tool called "Congress of citizens" for the autumn political season, with the purpose to maintain the electoral mobilisation and to fight against "power usurpers";
- PCRM is very interested to see the procedure of election of chief of state start as soon as possible, in order to clarify things by the end of the year. Postponing the resolution of institutional crisis for 2012 would reveal the mistake of having boycotted in 2009. This would mean that the future of PCRM is uncertain so far after three years of being in opposition in uncertain conditions. If no boycott was held in 2009, a new ordinary electoral cycle would have started in 2013 and the reformed PCRM would have been credited with great chances. Now if the three components of AIE-2 break off, the four AIE-1 members would have collapsed for sure, and the PCRM would have ruled the country long ago if it elected Marian Lupu as chief of state;
- PCRM is expected to hold an ordinary congress in spring 2012, and it should have clear perspectives until then. If the uncertain situation and boycotts are the only accomplishments of PCRM, supporters of reformer Igor Dodon could have to say a heavy word in order to wash the humiliation that their leader has suffered from party dictators. It is already clear that Igor Dodon is building a large circle of supporters in business, information and international sectors. Therefore, the dogmatic garniture of

PCRM needs at least something positive, being motivated to use the “Congress of citizens” to press AIE on autumn.

*The „story” could have a happy end... for certain*

- Business members of AIE could make peace, if the assessment of risks would make them understand that making peace is better than trying to destroy each other. Another solution would be equivalent to the victory of „P” over „F”, as the PL leader said. Really, if one cannot make “success story” of Moldova’s interests, why not to turn personal interests into “success stories”.

## Unemployment – between reality and statistics

By Iurie Gotisan

Generally, an economic growth impelled by investments in almost all productive sectors attracts new jobs, which means increases the employment rate, according to economic theory. But the situation on Moldovan labour market inclines to the other extreme; the country records an economic growth but statistics reveal a high unemployment rate, which could exceed 8 percent in the first half of this year (the unemployment rate for the 2<sup>nd</sup> quarter of 2011 exceeded 6 percent).

How to explain this situation? First, such a conjuncture is typical to many developing economies, including Moldovan, in which effects of economic growth do not strongly influence the employment, especially because these markets are relatively rigid and inertial. Second, the modernisation of equipment in many sectors which develop the economy (last-generation installations etc.) that usually needs less labour force could explain this fact.

Another proof in this respect would be that statistics indicate a rise of investments in modern equipment and devices. Or, companies or enterprises do not reemploy but some of employees who were formerly dismissed because of the decline of demand or just those selected after severe contests. Third, some sectors hardly recovered after the crisis, such as the building sector, which finally suppressed most of jobs. In addition, one should not forget that many people get formally registered as jobseekers with *Labour Force Offices*, while they illegally work de facto or are employed in the informal sector, which is hard to [account](#).<sup>1</sup>

As already noted above, the labour market is rigid and reacts quite slowly, and laws should probably be amended for this purpose, since authorities often assure that they seek a flexible labour market, but do not provide any arguments to demonstrate above all the rigidity that a new Labour Code would combat. Even more, such arguments are unavailable, as appropriate data are unavailable, too. It is pretty hard to learn the number of new and suppressed jobs. Press reports indicate a net difference between the current number of jobs and that recorded last year or in 2009, but they do not indicate any inflow behind this result: how many jobs were created and how many jobs were suppressed, or this indicator is very important for policy drafters to find out how does the economy react to changes. For example, Moldova has a high number of temporary work contracts, and this does not reduce the unemployment rate but on the contrary.

What will happen, what should the Government do? The recovery of economy is not capable to redress the labour market. I have already said on other occasions and I think I am right to repeat again that running for jobs or workplaces will be the sport of next years. Moldova is not the only country to encounter such a situation, as the conjuncture in the region and other states is more or less similar. In fact, the situation cannot be another, as population is exposed to new realities on market which demand more modern technologies and less labour force.

Perhaps the Government (along with social players Employers and Trade Unions) should consider ways to social solidarity like those used by the West, such as reducing the time of work, granting unpaid holidays, paying 75 percent of salaries when employees do not work because of poor economic activity, etc. All these examples are emergency situations, when employers cross difficult periods such as lack of demand. I think the reduction of the time of work is a preferable alternative for employees instead of collective dismissal. Higher education and requalification are required for former employees. In addition,

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<sup>1</sup> NBS data reveal a clear rise of informal employment.

equilibrium between demand and supply on labour market should be respected, given performances of our education system.

Fortunately, majority of political leaders in Moldova underline the importance of education. However, authorities should think more about infrastructure of education, quality of curricula, etc. The number of seats in technical (professional) schools, higher-learning engineering schools should be increased. The future belongs to countries which focus on technical (engineering, mathematics/physics) education, rather than on producing lots of economists and jurists.