Implementation of the EU association agreement with Moldova

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The Committee on Foreign Affairs adopted the own-initiative report by Petras AUŠTREVIIUS (ALDE, LT) on the implementation of the EU Association Agreement with Moldova.

Four years after the signing by the EU of the Association Agreement (AA) including a Deep and Comprehensive Free Trade Area (DCFTA) with Moldova, and two years after its full entry into force, the European Parliament has decided to evaluate the level of implementation of this agreement, in line with its strong commitment to its closest Eastern partners and to their deepening relations with the EU.

Political and economic relations between the European Union and Moldova have deepened in the framework of the Eastern Partnership and in particular with the signing, on 27 June 2014, and entry into force, on 1 July 2016, of the EU-Moldova Association Agreement (AA) including a Deep and Comprehensive Free Trade Area (DCFTA).

As a consequence of the DCFTA, EU-Moldova trade increased by 20% in 2017, to EUR 4 billion and the EU is currently Moldova's biggest trading partner, accounting for over 55 % of total trade.

While stressing the importance of the AA/DCFTA and the **progress achieved by Moldova to date** in a number of areas, Members insisted, however, that full implementation of the AA/DCFTA, with regard, in particular, to **political reforms**, must be a top priority, enabling a further deepening of the country's relations with the EU, for the benefit of all Moldovan citizens.

Members are concerned the country is **backsliding** in relations to democratic standards, rule of law, lack of fair and transparent elections as well as impartial judiciary, insufficient anti-corruption and anti-money laundering efforts. Still, they praises those leading the efforts, which should be pursued, to reform the banking sector following the 2014 bank fraud of USD 1 billion.

According to the report, Moldova is captured by **oligarchic interests** with a concentration of economic and political power in the hands of a small group of people exerting their influence on parliament, the government, political parties, the state administration, the police, the judiciary and the media.

Particular concerns were made as regards the following:

Elections: the EU has repeatedly expressed concern as regards the deterioration of democratic standards through recent decisions by the Moldovan authorities, including the June 2018 invalidation of the local elections in Chiinu on dubious grounds and in a non-transparent way, the July 2017 electoral reform adopted despite the negative recommendations of the ODIHR and the Venice Commission, the lack of progress in the prosecution of those responsible for the USD 1 billion bank fraud unveiled in 2014 and the increase in breaches of human rights, notably targeting independent judges, journalists and political opponents.

Members reaffirmed Parliament's readiness to observe Moldova's next parliamentary elections.

Macro financial assistance disbursement: as a result of the abovementioned developments, in 2017, the EU did not pay the last two instalments under the budget support programme for justice sector reforms because the Moldovan authorities showed insufficient commitment to reforming this sector. In 2018, the

EU **suspended the disbursement** of the first instalment of the macro-financial assistance due to the non-fulfilment of the political conditions that a pre-condition for granting macro-financial assistance is that the beneficiary country respects effective democratic mechanisms, including a multi-party parliamentary system and the rule of law and guarantees respect for human rights.

Members reiterated their position that any decision on future macro financial assistance disbursement should only take place **after the parliamentary elections scheduled for February 2019**, and that the payment of all budget support programmes should remain on hold until meaningful progress in democratic standards takes place including reform of the judiciary and judicial action against the persons responsible for the bank fraud.

Media and civil society: the monopolisation of media and advertising market, the weakening of independent news outlets, the overdue implementation of the new audio visual code, the attempts to limit the freedom of action and discredit representatives of civil society were highlighted as areas of concern. In particular, Members underlined the last minute changes to the Audiovisual Media Services Code adopted in July 2018 that were not subjected to consultations with civil society. They urged the Moldovan authorities to fully implement the Code in line with European standards of media freedom and pluralism as recommended by the European Commission and the Venice Commission.

In this regard, the Commission and the EEAS are called to continue **reallocating funds to support civil society and independent media** in Moldova, as well as the private sector and local authorities, including through new partnership and development projects, preferably coordinated with assistance from other EU countries and to coordinate efforts with other organisations such as the IMF to ensure greater coherence in terms of financial assistance conditionality.