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NEWSLETTER

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Synthesis and Foreign Policy Debates

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The last period was marked by several important events in Moldova.



Moldova is again without a government. The cabinet of the Liberal Democratic Prime Minister, Valeriu Strelet, was dismissed on 29 October, after three months in office, through a vote of no confidence at the initiative of the Socialists and Communists. The motion was voted by 65 deputies, including the Democrats and Liberals. The Government resignation comes after October 15th when the leader of the Liberal Democrats, Vlad Filat, was lifted the immunity and arrested, having been accused of bribery and bank fraud in connection with the theft at the Savings Bank. PLDM said it is the target of political fighting and that behind that is the Democratic Party and its former first deputy chairman, Vlad Plahotniuc, and announced its withdrawal in the opposition. Two weeks after the dismissal of the Government, PDM, PL and three deputies from Leanca's group announced that they are ready to create a coalition. Only without PLDM they do not have the necessary votes to form the new government.



Western partners demand responsibility from the Moldovan political class. The US Embassy urges all parties to begin acting on behalf of the people of Moldova and set up rapidly a government by cooperating for immediate implementation of reforms. "Moldova's image at home and abroad suffers from continuous intrigues of the political elites and some individuals.



The Moldovan people deserve a government that wants a democratic and prosperous European future without corruption and without personal enrichment at the expense of the people", reads the press release issued by the USA Embassy.

The 14 billion lei state guarantee offered to the NBM for the loans provided to the Savings Bank, Social Bank and Unibank- financial institutions that are under liquidation - will be transformed into public debt by the end of this year. The announcement was made by the Finance Minister, Anatol Arapu, in the Parliamentary Committee on Economy, Budget and Finance. The financial burden will be ascribed to the citizens as the authorities will have to pay the debt to the National Bank from the state budget.



On November 9th, the Romanian President, Klaus Iohannis, asked the Romanian Parliament to reconsider its intention of providing Moldova with a 150 million euros loan, because "there is no certainty that the reforms will continue and that Moldova will respect its commitments under the Association Agreement with the EU." The first tranche of this loan was to reach Moldova by the end of this year. Moldova is in a critical economic situation and in the near future it may reach the inability to pay pensions and salaries. EBRD has estimated a 2% economic contraction of the Moldovan economy in 2015 and stagnation in 2016.

A survey commissioned by the International Republican Institute (IRI) and published on October 9 indicates that 56 percent of Moldovans regret the collapse of the USSR and that two left-wing parties - Our Party led by Renato Usatîi and the Socialist Party led by Igor Dodon - could win the majority of votes in eventual early elections, while PL and PDM would hardly pass the threshold for the parliamentary representation, and the PLDM would not enter Parliament.

The EU trade commissioner, Cecilia Malmstrom, told the Moldovan President, Nicolae Timofti, during a visit to Chisinau that the EU is looking for continuation of the reforms despite the "fragile political situation in Moldova."

European Integration Debate Forum: What are the solutions to the current political challenges?



The third edition of the Moldovan European Integration Debate Forum was organised on October 30th, in Chisinau. The forum is an annual event

that represents a platform for discussion of the most critical challenges faced by the Republic of Moldova on its way toward European integration.



The Forum was organised by the Foreign Policy Association (APE) and the Friedrich-Ebert-Stiftung (FES) in partnership with the Ministry of Foreign Affairs and European Integration of the Republic of Moldova. It brought together decision makers from Moldova and the EU, politicians, opinion makers, representatives of the civil society, political parties and international institutions that contributed with their expertise to identifying the most effective solutions and policies to the challenges in the process of Moldova's European integration.

Among the topics addressed by the Forum was the progress in the implementation of the Association Agreement with the EU, the regional relations, the Transnistrian conflict regulation, the progress in the judiciary reform, fighting against

corruption, but also in the area of freedom of expression.

The 3rd edition of the Forum took place within an extremely complicated internal and regional context. The year 2015 should have brought Moldova the first tangible results in the implementation of the Association Agreement with the EU and the first commercial benefits as a result of the opening of the European market and Free Trade Area. However, against the background of the "theft of the century" and the instability of the government, Moldova has managed the counter performance of traversing in just several months the path from the success story of the EU to an unstable society, marked by continuous political crises, with an impoverished population and close to an economic and social collapse. The polls show a sharp decline in the popularity of European integration compromised by the corruption of the governing elites.

The regional situation is also very complicated - the war in Ukraine continues, the Russian Federation is strengthening its political and mediatic influence, while the separatist region of Transnistria, where Russian troops are stationed, is considered to be a potential threat to the regional security.

The 2015 edition of the European Integration Debate Forum tried to seek answers to the question "What could be the solutions in the current context and how to overcome the impasse?"

The first panel of the Forum was dedicated to the evaluation of the degree of the implementation of the Association Agreement and especially to the challenges that Moldova faces on its way toward European integration. Below, we are presenting you with a summary of the presentations made in the first panel of the Forum.

Natalia Gherman: Political instability is the main obstacle on the way toward European integration

Natalia Gherman, Deputy Premier and Foreign Minister said that during the last year Moldova has achieved several positive results related to the implementation of the Association Agreement with the European Union. These achievements pertain primarily to the liberalized visa regime from which so far there have benefited over 500 thousand Moldovan citizens, who have travelled freely in the EU, and to the first benefits from the market opening in the framework of the Free Trade Area. The main drawbacks, says Natalia Gherman, are related to the justice reform that requires synchronization at the level of the political class, political stability, domestic commitment and support by the European institutions.



Speaking at the European Integration Debate Forum, Natalia Gherman noted the progress achieved by the Republic of Moldova in the political relations with the EU, people-to-people relations and in the area of collective security.

Natalia Gherman: As far as the energy sector is concerned, due to our European Energy Community membership, we are making transformations in this sector, and a very important visibility element is the supply of Moldova with alternative energy sources. From my point of view, the Iasi-Ungheni pipeline, which is one of the most important projects of the European integration, is just the beginning of this process. Only when we are able to diversify the sources of energy supply of the Republic of Moldova, will we really get integrated into the common European market of the natural gas and electricity. And from the political point of view, we know it very well that this, actually, means strengthening of Moldova's sovereignty.

Speaking about transports, there have been built hundreds of kilometres of much better and European quality roads and there have been secured connections to Moldova through Romania and through the construction of bridges and European transport corridors. There is still much work to be done in this area together with our European partners that provide us with the necessary funds for such projects.

Probably, the best results have been achieved in the implementation of the Free Trade Area chapter of the Association Agreement. Only in the first year of the Free Trade Area implementation, the Moldovan exports to the EU market increased by at least 10 percent, the imports - by 6 percent, and over the last year, the EU has become the main trade partner of Moldova. 62 percent of Moldova's total trade has been with the EU this year. In other words, the Free Trade Area was the most convincing element.

Another result of the implementation of the Association Agreement is related

to the Transnistrian conflict settlement process. Once the decision on visa-free travel for the Moldovan citizens in the European space entered into force, only in the first year, more than 75 thousand Moldovan citizens residing in Transnistria have applied and received Moldovan biometric passports in order to benefit from this right. And those who did not have Moldovan citizenship have completed the necessary procedure to become citizens. And I am absolutely convinced that the dialogue on the introduction of the Free Trade Area benefits for the producers in the Transnistrian region that has been ongoing for the last months will have the same effect.

From my point of view, the European integration and the benefits this process brings to every citizen is the most important catalyst for the resolution of the Transnistrian conflict. Because when people see these benefits for every family and person, they associate the process with a more secure and better future for the country. And the Moldovan authorities will certainly continue promoting this policy in the process of reunification of the country.

One of the obstacles in the implementation of the Association Agreement and on our European integration path has been the political instability, because since the beginning of the implementation of the Association Agreement we had parliamentary elections in November 2014, local elections and almost constant change of governments. A cooperation with the Parliament was not possible, because in the second half of 2014, the Parliament was not functional given the election campaign. And further, the political stability and cohesion of all governing political forces in the implementation process of the Association Agreement will be an important condition for getting much more and better results.

There is also the aspect of communication. We need the support of the media and

civil society to communicate objectively and professionally on the European integration, the Association Agreement, Free Trade Area and so on. I understand that this is something which is quite technical and doesn't produce news. It is very difficult, for example, to make sure that a press release of the Foreign Ministry is taken over by the mass media. And we really need this solidarity of the civil society in the communication process. When we talk about combating anti-European propaganda which is, unfortunately, very present in the Moldovan media, we, those who call ourselves pro-European forces, should join our efforts in communicating objectively and systematically. First of all, we need to communicate about the benefits of the European integration for the citizens.

Of course, we also have difficulties in keeping and motivating the well-educated and trained staff in the European integration area. And that should be part of the comprehensive reform of the public administration system, which must become a priority for the next period. Encouraging, motivating and training of the staff should become a priority.

Another priority for us is to get as many assistance and counselling programmes and projects as possible. Regarding counselling, I can announce that by the end of the year, a team of high-level EU advisers will have arrived in Moldova to work on the key reform areas.

In order to advance, first and foremost, we need stability and concerted efforts to promote the European reforms and ensure macroeconomic and financial stability. We are also in need of an agreement with the International Monetary Fund in order to release macro financial assistance and budgetary support without which it will be very difficult to promote the reforms committed under the Association Agreement with the EU.

Andrian Candu: I am sure that not all is lost and that we will manage to regain the confidence of the citizens and development partners

The speaker Andrian Candu, says that the big disappointment of the people in the political class in Moldova is caused by the infighting and the unhealthy competition between the parties. However, he is confident that after the dismissal of the Streleț cabinet, a new pro-European governing coalition will be set up that will focus on the implementation of the Association Agreement with the European Union.

Andrian Candu: It's a real challenge what is happening today on the political arena of the country. It's a seismic period in the Moldovan politics and the disappointment is huge. People are disappointed in the political class, the state institutions, leaders, the system ...

What happens to the ordinary people who may have more limited sources of information and that don't speak foreign languages? Did their life change in the last year? Did the living standards improve? Do they find better quality products in the shops? When they take out the garbage, do they sort it? Do they benefit from a better justice system? Can they find justice? Do the businessmen who register their companies with the State Registration Chamber and other institutions go through less bureaucratic procedures? I think that the Association Agreement has not changed yet the people's life for the better.

Today we can talk about some results and perhaps we have a statistics on the development and approval of laws and regulations. Certainly, considerable efforts have been made in order to sign the Association Agreement with the EU, including the DCFTA, and obtain a visa free regime for the Moldovan citizens.



But more needs to be done. Probably, we should set certain priorities in the implementation of the Association and Free Trade Agreements. Maybe we should implement the most appropriate and best models used by the countries that were once associated with the EU and managed to implement reforms more rapidly.

And here perhaps it would be appropriate to think of some internal mechanisms that could concentrate all efforts for a more speedy and qualitative implementation of the Association Agreement. Maybe it's high time to have an institution - either a ministry or agency specialized in the European integration and everything that has to do with the Association Agreement - that could coordinate all institutions,

regardless of their level: departments in the Parliament and Government, local authorities, civil society. We could then achieve a better progress.

There is no better model than that offered by the European Union. And even if in the first year of the Association Agreement implementation there are still no changes in the living standards of the ordinary people, they will soon occur. And above all, the EU model gives us a great example of strong and sound institutions, focusing on law, procedures, systems, and not necessarily on the human factor.

A colleague from Romania, discussing the benefits of the European integration, including Romania's experience, was

saying that if you look at the states from the West to East, you'll notice that the more west you are everything is based on the law and strong institutions. The more eastwards you move, the importance of institutions decreases, while that of the human factor increases. There occur the so-called telephone calls, arrangements, the so-called bureaucracy, and corruption sources ... I'm sure that if considerable effort is given to the implementation of the Association Agreement, we will manage to create strong institutions. This should be the priority of the Moldovan political class in the next future - stronger institutions no matter in what areas- business, media, justice or fighting against corruption.

Many people today, probably, have a big question mark related to the political situation in Moldova. The disappointment is really huge and is largely due to the infighting and unhealthy competition between the political parties, including in the coalition in the Parliament, and in the opposition. We forget that, in fact, we have one goal - not the fight itself, but the respect for the country and our commitment to the citizens of this country.

Frankly, I personally do not think the Streleț Government dismissal should be described as tragedy. Governments come and go. The important thing is the foundation on which we build the political class and political life. I am sure that very soon a parliamentary majority will be formed and a new pro-European government be in place which will have clear objectives, specifically related to the implementation of the Association Agreement. Today, the agenda of the political class should focus specifically on the implementation of the association agreement. This is because we can find the answers to all the questions there.

Even if we are at the eleventh hour, I am sure that not all is lost and we will manage to regain the confidence of both the citizens and our development partners. And all the efforts that have been made so far will certainly result in achievements, successes and future effects.



EU Official: The European spirit in the country administration is essential for the improvement of the living standards of the people

Mindaugas Kacerauskis, charge d'affaires at the EU Delegation to Chisinau, said the implementation of the Association Agreement requires not only adoption of plans and strategies, but also a clear reform agenda in the European spirit of the country modernization, which currently Moldova cannot implement because of the political instability and frequent changes of government. The Moldovan citizens, says the representative of the EU Delegation to Chisinau, as well as the European partners had high expectations from Moldova's European course. However, the European partners will continue supporting the European course of the country, says Mindaugas Kacerauskis. An additional proof of this is the fact that 26 out of the 28 EU Member States have already ratified the Association Agreement with Moldova. Here's what Mindaugas Kacerauskis said at the European Integration Debate Forum:

Mindaugas Kacerauskis: The implementation of the Association Agreement is hard work, which means, basically, implementation of reforms that certainly requires political stability and persistency as the reforms cannot be implemented overnight. This requires deep knowledge and continuity. It is true that the Moldovan citizens as well as the European Union have high expectations. At the same time, we have serious concerns. It's important that the reforms become part of the legal space and we would like to see more results in the actual implementation of reforms. The association with the EU or the implementation of the Agreement is not only adopting numerous strategies and actions plans, establishing working groups. This is about real laws, by-laws and legal acts, and factual and measurable implementation. And it's also about sharing the European spirit and driving the country towards reforms that are essential for the modernization of Moldova and for improving the living standards of the population.

We cannot talk about all sectorial fields, but still I'm obliged to stress the most pressing ones, where people would like to see more actions and not just words. These are, primarily, the justice area, financial sector, money laundering, media freedom, public administration, prevention and combating of corruption, energy sector, and the wide implementation of the Association Agreement. Particular emphasis should be placed on the justice sector as other reforms cannot progress unless the justice sector is reformed and free trial is assured. So it is important to eliminate corruption and political interference in the justice sector, strengthen the rule of law and improve the business environment.

All the necessary instruments, including the assistance instruments, are ready from our part and we just need to move on that.

Well, although it is not directly related, many development partners would stress

the importance of a speedy agreement with the International Monetary Fund which is an essential element of the micro-financial stability and a pre-condition for the resumption of the budgetary support and other kinds of support by the European Union in the agreed fields.

Let me also mention media freedom and the need to combat anti-European and anti-Moldova propaganda coming from some non-neighbouring states. So we believe that one of the most elegant tools would be and what the EU is always suggesting is to consider a new Audio-visual Code, drafted by the experts of the civil society with the financial help of the European Union in 2011. We strongly encourage the Ministry of Justice to look into this modern Audio-visual Code and we could together see the benefits of the tools for combating propaganda.

And the last point I would like to mention is the need to find solutions for the

application of the DCFTA on the left bank of the Nistru river. We are encouraged by the process achieved during the recent days. It would require flexibility from the side of Chisinau, some legal flexibility. The EU will also be suggesting that a special law on the Transnistrian settlement process be considered and drafted in order to legalize the settlement process. And the DCFTA implementation can be the most important tool of the settlement process as such. So the European Union is ready to work and engage with whatever government is in place in Chisinau and with whatever coalition is formed. We stand ready to support Moldova.

One thing around which we would really need to join our efforts is the communication and outreach to the Moldovan citizens so that they can see the benefits of the right and correct implementation of the DCFTA. It is important to explain that these benefits is a long-term process and that we are in the right direction.

Andi Cristea: The West gave Moldova a blank check. Things have now changed but not for the better.

The chairman of the EU- Republic of Moldova Delegation of the European Parliament, Andi Cristea, said in his speech at the European Integration Debate Forum that Moldova has achieved many results in the European integration process, but that unfortunately, has many drawbacks. Speaking about what he called "credibility management," Andi Cristea said that the Europeans ask their Moldovans friends not to communicate through slogans, but speak openly. "Moldova had a window of opportunity opened in the USA and the European Union, but now things have changed and, unfortunately, not for the better," said Andi Cristea.

Andi Cristea: I would like to talk about the credibility and expectations management



of the Republic of Moldova. On the 21st to 22nd of September 2015, in Brussels, the first meeting of the Parliamentary Association Committee was held. The Association Parliamentary Committee has two delegations – one is that of the

European Parliament, whose president I have the honour to be, and the other one is that of the Moldovan Parliament. We have had good discussions during two days attended by not less than ten directors general, heads of unit, and

European officials. Mr Vlad Filat and me were in the presidium. There have been consistent discussions - many positive things happened last year, but, unfortunately, many shortfalls as well. What matters in the end is that all those ten European officials who directly manage the Moldovan case, in fact, everyone could find out – it was a news all over the Europe and the world - that the co-chairman, the former Prime Minister of Moldova, has problems with the justice.

How is Moldova perceived in the European Union? My friends in the European Commission were saying to me: “Andi, please talk to your friends in Moldova and ask them when they come to Brussels or when we go to Chisinau and talk with them, not to send us messages or speak through slogans, but to engage with us, because we want to help them and they can help themselves best if they are honest with us.” And this is a call I’m publicly launching here in Chisinau, and I wish these things became reality.

I’m looking at the title of our debate and see that we are talking about the European integration. But I think it is Romania that can talk about the European integration, which is one of the states of the last wave that joined the EU and which is now in a

process of filling the gaps and adjusting the national institutions to the European ones. I think that in the case of Moldova it is more appropriate to talk about getting closer to the EU and to the European standards. The truth is that in the past six years the political parties have continued an earlier practice in Moldova - I am referring to the famous political privatization of state institutions. Unfortunately, the politicization went very deep, including the separation of powers. Moldova is not a strong country and if the political parties continue to privatize the state institutions taking advantage of them to the detriment of the general interest, then there is a real risk that the entire construction will collapse. Obviously, this is a very dramatic scenario. I am convinced that the things will not get that far and that the situation will be correctly assessed.

I think here in Moldova, there are many professionals, specialists, experts of good quality. But I also think that these good professionals are often taken hostage of the domestic political situation.

I would also like to refer to the anti-European propaganda. Although Moldova has benefited from about 400 million Euro in the last 5-6 years, no concrete steps whatsoever have been taken to counter the anti-European propaganda. So, the

EU is providing money to Moldova while it’s being insulted on its own money. Of course, the situation has more subtle nuances, but at least, this is how it is seen by outside observers.

I was talking to high-level European officials and do you know what metaphor they passed to me, on how Moldova is seen in Brussels? It is seen as a machine in which you put coins, pull the lever or press buttons and expect results. The results that the Europeans expect are nothing more than a better life for the citizens - some European standards, public institutions in the service of people, and the last but not least, progress. What happens is that the EU puts money, pulls the lever, but nothing happens. And this situation cannot continue. I expect that in future there will be a very strong conditionality from Brussels, from the Member States, because things cannot continue this way.

Some few years ago, important Moldovan leaders had meetings with President Obama, the Vice President of the USA, very influential EU leaders, the German Chancellor ... It was a blank check given to Moldova, a window of opportunity, but now things have changed and, unfortunately, not for the better.

Ion Sturza: Partners will no longer tolerate that in Moldova, important decisions are taken in places other than the state institutions

Ion Sturza, businessman and opinion maker, says the current situation in Moldova is a small historical accident, a 5-10-year syncope, which is indeed regrettable, but still remains confident about Moldova’s European future. However, in his speech at the European Integration Debate Forum, Ion Sturza criticized the Eastern Partnership policy promoted in the recent years by

the European Union in relations to its Eastern neighbours.

Ion Sturza: The idea of creating a “European Union ring of friends”, a kind of security band between the EU and the Russian Federation, all of a sudden sparked reflexes that led to disaster in Ukraine - the annexation of Crimea. Eventually, other states in the region, under internal and external pressure, have abandoned

the idea of approaching the EU. The last hope was Moldova and we know what happened here as well...

Attempts have been made to replace the pragmatic programme called “money in exchange for security and stability at the EU borders” with a more subtle programme involving Association Agreements. It meant in reality a European perspective for the countries in the region



in exchange for a European promise, but no money. In the process, they didn't taken into account the fact that reforms or stabilization and security programmes are impossible in the area without serious resources. The 500 million euros promised to Ukraine and the 100 million euros to Moldova are not enough to stabilize these countries. And unfortunately, the entire neighbourhood policy has turned into a disaster, including for the Republic of Moldova.

But the problem in Moldova is not a foreign policy one, it is rather of internal nature. I think, our elites were not able to meet the challenges of the implementation of domestic reforms. The Association Agreement, in the end, was assumed without understanding the challenges posed by its implementation, which caused the situation we are having today.

Another aspect that we need to understand is that Moldova has become a supplier of instability for Europe and the Western partners will not tolerate any

more the current situation in Moldova when important decisions in the state are taken by persons elsewhere than in the state institutions. The things have changed a lot lately and the priorities have changed dramatically. And I think the number one priority for Europe today is the security issue. We cannot talk anymore in terms of stabilization of the economy and reforms. Moldova should think about its contribution to the security in the region.

Moldova has never been a security provider. It's been, at least lately, a grey area, a frozen conflict area and so on. But we must realize and things are already clear - Moldova has become a supplier of insecurity in the area. This long list of traffic, money laundering, arms and drugs trafficking, trafficking with nuclear substances etc., made that the view and opinion about Moldova change dramatically. And this is something that we should understand domestically - that the Chisinau games will not be tolerated anymore in the same way they have been tolerated until now.

I would like to mention about a discussion I had sometime a year ago with a senior member of the American administration in the early 90s. I asked him when the USA realized it must get heavily involved in the fight against corruption in Romania. The official said that when they were discussing Romania's accession to NATO, despite the consensus reached in Snagov, there were still deputies in the Parliament – left-wing and nationalists - who had doubts whether or not to vote. For Romania's Western partners it was very important that the vote be quasi general and even unanimous. And the final decision of the then deputies was taken in the house of a controversial businessman and media mogul. It was then that our western partners have realized that if in a country with a major security potential and NATO member the problems are resolved in the home of a media mogul, then there is a problem. It was then that the latch occurred.

I assure you that the latch onto the Republic of Moldova has happened too. And the messages I am sending in public on this topic are not my improvisations. I am sending them on purpose. This latch has occurred. It will not be tolerated anymore that Moldova is a source of insecurity and that the problems are resolved elsewhere than in public - in Parliament, Government and other institutionalized places. This is what we should understand when we talk about Moldova's European integration.

The opinions expressed in the newsletter are not necessarily those of the Friedrich-Ebert-Stiftung (FES) or of the Foreign Policy Association (APE).