

The Moldovan Prime Minister, Vasile Tofan (center), alongside the Commissioner for Enlargement, Marta Kos (right), and the EU's foreign policy chief, Kaja Kallas (left), in Brussels on October 5, 2026. Photo credit: Government of the Republic of Moldova

Friedrich Ebert Stiftung

October 2026

The Republic of Moldova, between success in EU negotiations and the test of reforms: what comes next after the opening of new clusters

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4 - *Marin Gospodarenco, Director of ECONOMICA:* **Negotiations with the EU reach the topics of finance, taxes, and business: what does the Republic of Moldova stand to gain, and what are the risks?**

The Republic of Moldova has taken another important step towards European Union membership with the opening of two negotiating clusters covering the Internal Market and Competitiveness and Inclusive Growth. With 24 of the 33 negotiating chapters already open, Chișinău is entering a stage in which economic reforms, institutional capacity and tangible benefits for citizens will matter more than political statements.

In an interview, PAS MP Adrian Bălușel reaffirms the objective of completing negotiations by 2028 and explains the Government's priorities, from justice reform to investments financed through the Growth Plan.

Expert-Grup Executive Director Adrian Lupușor warns that European integration is a marathon, not a sprint, and that economic success depends on competitive businesses, functioning institutions and managing the costs of transition.

Economist Marin Gospodarenco analyses the effects of alignment with European rules on taxes, banks, businesses and the labour market, explaining who could gain and who risks bearing higher costs.

In an editorial, TVR Moldova journalist Mădălin Necșuțu describes the opening of the new clusters as a diplomatic success, but warns that domestic reforms, potential political obstacles within the EU and Russian pressure could complicate the path to accession.

Friedrich-Ebert-Stiftung, împreună cu Asociația pentru Politică Externă, vă propune un Newsletter pe subiecte de politică externă și integrare europeană a Republicii Moldova.Newsletter-ul este parte a proiectului comun „Dialoguri de politică externă".

News in brief:

President Maia Sandu visited Budapest on 23–24 October, where she discussed European integration and bilateral cooperation with Hungarian leaders. The dialogue is particularly important for Chisinau, as Hungary's position on negotiations with Ukraine could also influence the Republic of Moldova's European path. Chisinau's priority is to translate political support into concrete decisions at EU level.

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Prime Minister Vasile Tofan met with the EU's foreign policy chief, Kaja Kallas, in Brussels on 23 October to discuss strengthening the Republic of Moldova's defence capabilities. The meeting took place against the backdrop of drone and projectile incidents caused by Russia's war against Ukraine. Chisinau is seeking to expand cooperation with the EU through the Security and Defence Partnership and the European Peace Facility.

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Foreign Minister Mihai Popșoi met with the President of Cyprus, Nikos Christodoulides, in Nicosia on 26 October to discuss the Republic of Moldova's EU accession and stronger bilateral relations. The visit comes amid Chisinau's diplomatic efforts to advance the EU negotiations. Cyprus reaffirmed its support for the Republic of Moldova's European path.

"Our commitment remains to complete the negotiations by 2028"



Adrian Băluțel, PAS MP

In an interview for the FES/APE Foreign Policy Bulletin, PAS MP Adrian Băluțel explained the next steps in the Republic of Moldova's EU accession negotiations. We discussed the reforms that need to be completed and how the Growth Plan finances infrastructure and programmes supporting entrepreneurship. He addressed the objective of concluding negotiations by 2028, the pace of justice reform and the benefits of European integration that, he says, citizens are already experiencing. Read the interview below:

The Republic of Moldova recently opened two new clusters, comprising 17 negotiating chapters, in a single day. Beyond the political significance of this moment, what are the next concrete steps? What objectives must be met by the end of 2026, and how realistic does the goal of concluding accession negotiations by 2028 remain?

The negotiating timetable and our political commitment remain unchanged: completing the negotiations by 2028. All diplomatic and administrative efforts will now focus on opening the remaining two clusters and advancing work on the negotiating chapters already opened. That is where things stand at the moment.

Legislative reforms and businesses' access to the European market

What are the most difficult reforms required by Brussels? Opening clusters 2 and 3 also involves adapting the rules on competition, taxation, the labour market, consumer protection and the business

environment. What are the three most difficult reforms for the Republic of Moldova, where are the greatest delays, and which laws should Parliament prioritise for adoption?

We have met all the priority objectives for transposing the legislation needed to open the clusters. This has been the most challenging part so far. We are talking about legislation on public administration reform, the vetting process and the entire effort surrounding justice reform. In competition and the internal market, we are not talking about major or strategic changes, but rather numerous technical aspects that need to be transposed. The legislation and regulatory framework governing the operation of oversight institutions need to be adjusted.

To give a concrete example, just today, at the Committee on European Integration, we examined a bill on small and medium-sized enterprises, through which we are adjusting certain rules for their classification. These adjustments will enable businesses in Moldova to qualify for potential European funding aimed at increasing competitiveness. This is just one example.

The Government talks about access to the European single market, investment and greater competitiveness. But what do these mean in practical terms for a farmer, an entrepreneur or an employee in the Republic of Moldova? What benefits could emerge before accession itself, and what adjustment costs will businesses bear?

We are talking about several types of opportunities. First, there is access to international markets, particularly the European market at this stage. The Government of the Republic of Moldova, through the Organisation for Entrepreneurship Development (ODA), already offers support programmes to facilitate exports to European markets. As we advance in the integration process, programmes supporting access to the European market, exports and the promotion of Moldovan products will expand.

The second type of opportunity concerns access to European funding to increase competitiveness. Our entrepreneurs will be able to access financing for technological modernisation, improved production performance and higher productivity. Some of these resources will support adaptation to new or updated production requirements and standards. However, it is important to distinguish between compliance with mandatory requirements and the voluntary adoption of higher standards. European funding can support both processes, helping entrepreneurs produce more efficiently, to a higher standard of quality and with a lower environmental impact.

Justice and vetting at the heart of the accession process

The EU has already opened negotiations on Cluster 1, "Fundamentals", which includes the rule of law and justice reform. These reforms remain essential to the entire accession process. What measurable results does PAS commit to delivering over the next 12 months? If justice reform progresses more slowly than the economic negotiations, could this delay the closure of negotiating chapters?

Cluster 1 is opened first and closed last, after the other negotiating chapters have been closed. This is the mechanism through which the European Union ensures that compliance with rule-of-law standards remains a priority until the end of the accession process. The same will apply in our case.

At this stage, our priority is to complete the vetting procedures already under way, which have taken longer than we expected, partly because of resistance within the system. There have been individuals who opposed this process, which is why it is essential to see it through. As I mentioned, there have also been delays for objective reasons. At present, however, as I understand it, the process is progressing according to the agreed timetable.

How is Growth Plan funding divided between infrastructure and support for businesses, and when will citizens see the first results?

We need to understand that the Growth Plan has two components. The first concerns investment in major infrastructure projects, such as the network of model schools, the rehabilitation of the Chișinău–Leușeni road and other similar projects. These receive direct funding, and the Government will announce further details about their implementation in the coming period. However, these are large-scale projects that take time to complete.

The second component, which includes the disbursement of more than EUR 150 million that you referred to, is linked to the Reform Agenda, including the implementation of European legislation. This component provides financial support to the Government to carry out reforms. The money will go into the state budget and will be used to finance budgetary programmes.

Since we were discussing entrepreneurship, one example is the increase in funding for ODA programmes from around MDL 400 million to more than MDL 1.6 billion per year to support entrepreneurs, particularly micro, small and medium-sized enterprises. This increase was made possible by the financial support and our commitment to directing part of the resources towards the private sector.

The Growth Plan is not, however, a blank cheque: the release of funding depends on implementing the reforms agreed with the European Commission. Which conditions are the most difficult to meet? Are any reforms already delayed, and what guarantees does PAS offer that the money will be managed transparently, without political favouritism or projects funded solely for electoral publicity?

Regarding the Reform Agenda, the fact that this disbursement has taken place shows that we have fulfilled the commitments associated with that tranche. Otherwise, the funding would not have been released. The reforms are carried out in consultation with the European Commission, including the legislative and regulatory acts through which we transpose European requirements.

As for the projects, to dispel suspicions of favouritism or political interest, they were agreed with the European Commission before being approved for funding under the Plan. Implementation also involves financial institutions such as the European Bank for Reconstruction and Development, which monitor the quality of the works and compliance with standards, including those governing procurement.

We are therefore not talking about a blank cheque, as you put it, but about a partnership and continuous cooperation with the European Commission at every stage, both on infrastructure projects and in implementing the Reform Agenda.

The benefits of integration before accession

Following the opening of these two clusters, the Republic of Moldova now has 24 of the 33 negotiating chapters open. What must Chișinău do next to open the remaining clusters, and to what extent does the timetable depend on domestic reforms and political consensus among EU Member States? What would you say to citizens who fear that European integration will remain a political promise without a clear accession date?

According to last year's European Commission report, the Republic of Moldova has met all the conditions for opening all negotiating clusters. We have therefore done everything within our power here at home to advance at this stage. What is now needed is a political decision by the 27 Member States. To this end, we will intensify our diplomatic efforts to explain the progress achieved and identify solutions that will allow negotiations on the remaining clusters to open. As for the promise made to citizens, we will demonstrate that we are doing everything within our power to keep to the accession timetable.

At the same time, the Republic of Moldova is more firmly anchored than ever in the European sphere, including through sectoral integration. Alongside the Growth Plan, financial assistance and EU support for compensation payments provided in recent years to help overcome crises, the country benefits from several European programmes and mechanisms. These include "Roam like at home", which allows mobile services to be used in the EU without roaming surcharges, subject to the applicable conditions, and connection to the Single Euro Payments Area (SEPA), which has reduced the cost of euro transfers.

Over the past year, we have also faced several environmental crises, including the pollution incident on the Nistru River. The European Union has stood alongside the Republic of Moldova through its crisis response mechanisms. This support illustrates the benefits of connecting our country to European programmes and mechanisms.

We also have access to regional and cross-border cooperation programmes such as Interreg. I recently visited Căușeni, where the fire station will receive a new fire engine through one such programme. This is a concrete example of the benefits of cooperation with the European Union, and there are many more.

European integration is therefore already happening. We are keeping to our political timetable and doing everything within our power to deliver results and strengthen citizens' confidence. Some decisions do not depend on us alone, but we see considerable openness from Member States and an important window of opportunity for the Republic of Moldova.

Pro-European politics in a context of crises

How difficult is it to pursue pro-European politics in Chișinău?

We have a mandate from citizens and popular support for this European integration effort. Moreover, the best investment we can make in protecting citizens and overcoming crises is to continue on our European path.

From an administrative perspective, managing crises while simultaneously changing how institutions operate, amending legislation and implementing new programmes requires an enormous effort. But this is precisely how we must respond to these crises. The European model of development, along with the programmes and opportunities that European integration brings, can help us overcome this difficult period.

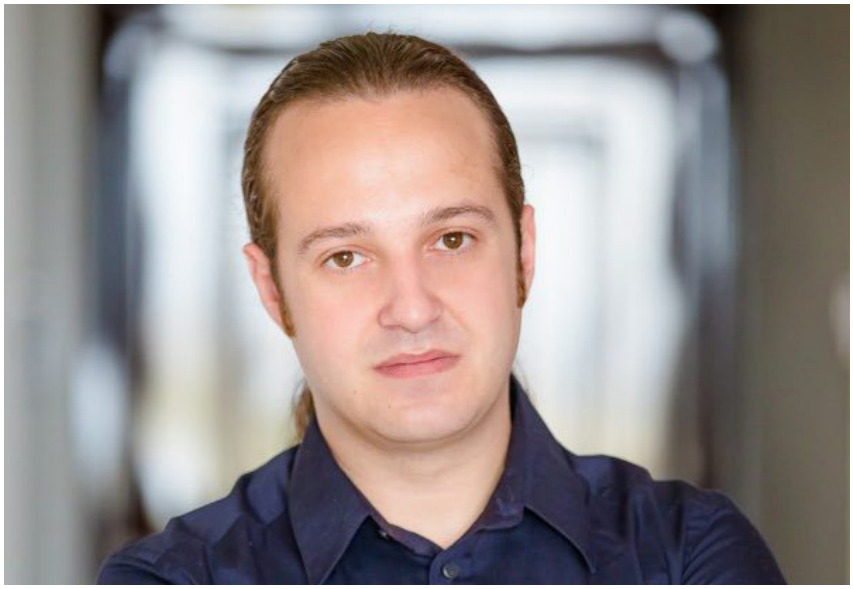
Thank you!

Editorial

Opening new EU negotiating clusters: a success that brings responsibilities

Editorial by Mădălin Necșuțu, journalist at TVR Moldova

The opening of two new negotiating clusters with the European Union marks progress for the Republic of Moldova. But applause in Brussels will not substitute for reforms in Chișinău, and today's consensus does not guarantee tomorrow's. With an administration that needs modernising, European governments that need convincing and pressure from Russia, accession is entering the stage at which promises will be judged by results.



Mădălin Necșuțu, journalist at TVR Moldova

The opening on 13 October 2026 of the "Internal Market" and "Competitiveness and Inclusive Growth" clusters, comprising 17 chapters, is a major diplomatic step. The Republic of Moldova now has 24 of the 33 negotiating chapters open. These figures show the speed of its movement towards the EU, not the distance remaining until accession. Opening a chapter means committing to a path of transformation; closing it means demonstrating that European rules are being put into practice. The distinction is essential. Until now, European integration has also been a story of historic decisions, summits and symbols. From now on, it will primarily be a story of functioning institutions, fair tendering procedures, credible courts and businesses capable of competing. A photograph with European leaders has political value, but the real test is what happens after the cameras are switched off and the euphoria of the moment fades.

Reform that cannot fit into a press release

Justice remains the main test. The vetting of judges and prosecutors has faced delays and resistance, while integrity checks, however necessary, are not synonymous with a reformed justice system. People do not measure the rule of law by the number of commissions established, but by the length of proceedings, equality before the law and the punishment of high-level corruption. This is precisely why the Fundamentals cluster is opened first and closed last: democratic standards must be upheld throughout the process.

Public administration is equally important. Transposing the EU acquis requires skilled people, ministries capable of coordinating policies and local authorities able to apply the new rules. Yet Moldova faces a shortage of specialists, overstretched institutions and communities with limited resources. Parliament can pass a law quickly; a local authority cannot build the capacity to implement it overnight. If this gap is ignored, the country risks achieving integration that looks exemplary in reports but delivers modest results in everyday life.

This places an obligation on the Government to explain not only which reforms it has adopted, but also what has changed as a result. European legislation applied selectively within an administrative system that remains opaque would undermine the case for modernisation through accession. Parliamentary scrutiny, independent media and civil society are not obstacles to the pace of European integration; rather, they provide safeguards against errors being concealed by the speed of the process.

European funding is not a policy in itself

The Growth Plan, worth up to EUR 1.9 billion for 2025–2027, offers the Republic of Moldova an opportunity to combine reforms with tangible investment. The new EUR 157 million tranche announced in October confirms that funding is tied to meeting conditions,

not merely to declaring a geopolitical preference. A substantial part of the package consists of concessional loans, which must be used responsibly.

This is also where the European project's credibility in the eyes of society will be decided. Roads, energy interconnections, schools and support for small businesses must not remain entries in a budget spreadsheet. A citizen living in a village will not gain greater confidence in the EU because a press conference announces millions, but because they see a repaired road, a better public service or a business able to grow. Investments must be selected transparently, monitored through to results and evaluated publicly. Otherwise, European assistance risks being perceived as a publicity resource for those in power rather than a benefit for society.

Brussels also faces a test

It would be easy to believe that everything depends on Chișinău. That is not entirely true. Enlargement remains a political decision for the Member States, within a Union concerned with its own budgetary constraints, agriculture, cohesion funds and how its institutions will function after admitting new members. These debates are legitimate. But they can also leave even a well-prepared candidate waiting for years at the door of consensus.

Moreover, Europe's political landscape is volatile. Populist, nationalist or Eurosceptic parties challenge enlargement to varying degrees or demand additional conditions. They do not all share the same agenda, and not every reservation about enlargement amounts to extremism. The concrete risk, however, is clear: in a process where unanimity matters, a single government can delay decisions for everyone. Disputes over negotiations with Ukraine have shown how vulnerable the European timetable is to national vetoes.

Moldovan diplomacy therefore cannot focus its efforts solely on the institutions in Brussels. It must work consistently with every capital, make the case for enlargement and build alliances that can withstand changes of government following elections. Today's support is valuable, but it is no guarantee of future political backing. In Europe, political windows sometimes open quickly and can close just as fast. Moreover, Chișinău must not neglect its strategic partnership with Romania, whose diplomacy serves both as an icebreaker through turbulent waters and as an additional means of opening doors in European capitals.

Cognitive warfare and the battle for public perception

For Russia, the European integration of the Republic of Moldova and Ukraine is not merely a matter of trade. It reduces the Kremlin's ability to treat these states as part of a privileged sphere of influence. That is why the war against enlargement is also being waged beyond the Ukrainian front: through disinformation, attempts at illicit political financing, cyberattacks and the exploitation of social fears. In Moldova's case, the interference reported around recent elections shows that the struggle over the country's strategic direction is also taking place in the information space.

Russian propaganda narratives about the Republic of Moldova's EU accession are all too familiar: closer ties with the EU would bring war, destroy traditions and the traditional family, and impoverish the population, while Russia would guarantee peace and protect identity. Their strength lies not necessarily in their arguments, but in their ability to latch onto genuine grievances and in relentless repetition through a "drip-feed" technique. Rising prices, rural poverty, poor public services and distrust of the authorities can become fuel for manipulation. That is why the best long-term response is not a louder slogan, but a state that delivers.

In Gagauzia and in addressing the Transnistrian issue, the authorities must combine firmness against interference with respect for pluralism and rights. If every criticism becomes suspect, the Kremlin receives precisely the rhetorical evidence it is trying to fabricate: that integration would curtail freedoms. The defence of the European path must itself remain European in its methods, even if this displeases many, particularly those advocating a hard line towards Comrat and Tiraspol.

Between political objectives and guarantees

The war in Ukraine has brought enlargement back into the debate on the continent's security. The Republic of Moldova benefits from this strategic shift, but cannot rely on it alone. Completing negotiations by 2028 is a political objective, not a guaranteed accession date. Reforms may be delayed; the European consensus may change; Russian pressure will not disappear with the next summit.

Ultimately, the stakes go deeper than the timetable. The European project must outlast any one government, remain open to critical debate without being delegitimised, and deliver measurable benefits at home. Opening the clusters shows that the door exists. Crossing the threshold will depend on how strong the Moldovan state becomes, how consistent the Union remains, and how much room is left for those seeking to drive them apart. Europe is built not only through negotiations won in Brussels, but also through trust earned, day by day, at home.

“European integration is a marathon, not a sprint”

In an interview for the FES/ APE Foreign Policy Bulletin, Expert-Grup Executive Director Adrian Lupușor said that opening the 17 negotiating chapters under the “Internal Market” and “Competitiveness and Inclusive Growth” clusters could accelerate the Republic of Moldova’s economic integration, but that success depends on the effective implementation of European rules. We also discussed business competitiveness, institutional and fiscal reforms, investments under the Growth Plan, and the costs of transition. The economist warns of limited administrative capacity and economic risks, but also explains why he remains optimistic about accession. We invite you to read the full interview below.



Adrian Lupușor, Expert-Grup Executive Director

From opening the clusters to economic benefits

Beyond its political significance, what does opening negotiations on the “Internal Market” and “Competitiveness and Inclusive Growth” clusters mean for the Republic of Moldova’s economy? What benefits could emerge before accession, under what conditions, and how soon could citizens and businesses feel them?

The opening of the two negotiating clusters on 13 October 2026 marks a key milestone in the economic dimension of accession to the European Union. The 17 chapters opened in Luxembourg, grouped under the “Internal Market” and “Competitiveness and Inclusive Growth” clusters, cover a substantial part of the framework governing a Member State’s economy: the free movement of goods, services, capital and workers; competition, state aid and financial services; taxation, industrial policy, employment, education, research, digitalisation and customs.

We are therefore talking about deeper economic integration than that offered by the Deep and Comprehensive Free Trade Area (DCFTA). The aim is to gradually reduce non-tariff barriers and the costs of accessing the European market by simplifying conformity assessment procedures, facilitating the recognition of professional qualifications and making the regulatory framework more predictable. However, the benefits will depend on coupling legislative harmonisation with stronger institutional capacity to apply the new rules. Without this component, alignment risks remaining a largely formal exercise. Investment is needed in the institutions responsible for market surveillance, quality infrastructure, the enforcement of competition and state aid rules, and labour inspection.

The timing of tangible benefits also matters. Some results of sectoral integration emerged before these clusters were opened: Moldova’s operational connection to SEPA in October 2025 reduced the cost of euro transfers, while its inclusion in the “Roam like at home” regime from 1 January 2026 eliminated roaming surcharges between Moldova and the EU, subject to the conditions applicable under this regime.

Further benefits will go beyond cost reductions and will increasingly depend on the quality of institutional reforms. For businesses, the aim is to facilitate access to the EU market, including through a future Agreement on Conformity Assessment and Acceptance of Industrial Products (ACAA), in the sectors it covers, and to strengthen their capacity to meet European product requirements. For citizens, the benefits may include easier recognition of professional qualifications, better protection at work and safer financial services. Progress must be assessed through these tangible outcomes experienced by businesses and the public.

Business competitiveness and the costs of adaptation

How prepared are Moldovan businesses to meet the requirements of the single market and compete with European companies? Which sectors could seize the opportunities most quickly, and which will need support or transitional periods to adapt?

The level of preparedness among Moldovan businesses is uneven. Companies exporting to the EU market already have experience in meeting European requirements, and some are integrated into European companies' supply chains. For much of the economy, however, adapting to the rules and standards of the single market remains a challenge.

Approximately two-thirds of Moldovan exports go to the EU, which represents an important advantage. However, their composition reveals limitations in terms of local value added and technological sophistication. The main categories include oilseed crops, electrical equipment – particularly automotive wiring harnesses produced in free economic zones – cereals, vegetables and fruit, and clothing. A substantial share of exports therefore consists of agricultural products with a low degree of processing or products manufactured through assembly and contract processing operations. The challenge is to expand higher-value-added activities, from design and product development to marketing products under companies' own brands.

Imports from the EU are approximately 2.4 times our exports to that market. This imbalance reflects both the limitations of domestic production and export capacity and the demand for European goods. At the same time, the Moldovan market is already largely open to EU competition, which may soften the competitive shock of accession. However, the pressures of adaptation will vary across sectors and businesses.

The sectors with existing experience in the European market could seize the new opportunities most quickly: winemaking, automotive components, electrical engineering and furniture manufacturing. The benefits will differ by sector. For relevant industrial products, a future Agreement on Conformity Assessment and Acceptance of Industrial Products (ACAA) could simplify access to the EU market in the areas covered by the agreement. CE marking applies only to product categories for which European legislation requires it, and not to all the sectors mentioned.

In certain areas, adaptation will require substantial support and, where justified by impact assessments, the negotiation of transitional periods. In the financial sector, an important change will be the application of the European passport, which allows an institution authorised in one Member State to carry out the activities covered by its authorisation in other Member States, through branches or the direct provision of services, without separate authorisation, subject to notification procedures and sector-specific rules. For banks, prudential supervision rests primarily with the competent authority in the home Member State, in cooperation with the host Member State's authorities.

For the Republic of Moldova, this will mean stronger competition, but also opportunities for local institutions to expand. Preparations must include strengthening banks' capacity to meet European requirements on capital, liquidity, governance and risk management, as well as adapting the mechanisms for intervention when banks encounter difficulties. In parallel, the National Bank of Moldova (NBM) must strengthen its supervisory capacity and cooperation with European authorities. The need for transitional periods must be demonstrated for specific requirements by assessing compliance costs and risks to financial stability.

The second adjustment is raising the deposit guarantee limit from the current MDL 200,000 to the European level of EUR 100,000 per depositor per bank. This increase will strengthen depositor protection, but will also require greater resources for the guarantee scheme, including through banks' contributions. The pace of adaptation must be determined by an assessment of funding needs and the impact on the banking sector: an approximately tenfold increase in the coverage limit does not automatically imply a proportional increase in contributions.

The third adjustment concerns the implementation of Solvency II, the EU's prudential regime for insurers, which sets capital requirements based on the risks assumed, as well as requirements for governance, risk management and reporting. These requirements are applied according to the principle of proportionality, taking into account the nature, scale and complexity of each company's risks. For some Moldovan insurers, adaptation could require additional capital and substantial investment in systems and staff. The implementation timetable must therefore be based on individual assessments, to limit the risks of disorderly market consolidation and pressure on insurance premiums.

There are also sectors whose competitiveness depends to a significant extent on tax incentives, such as businesses in free economic zones and IT park residents. Reviewing these regimes, as well as certain VAT concessions in agriculture, may generate additional adjustment costs. Where incompatibilities with EU rules are identified, adjustment measures are needed, along with transitional periods where

justified and negotiable. The aim is to give businesses time to adapt their business models and strengthen their competitiveness.

Other significant vulnerabilities concern producers of products of animal origin, whose access to the EU market depends on meeting sanitary and veterinary requirements and obtaining the authorisations applicable to each product category, as well as SMEs, particularly those outside the capital, which have limited financial resources and administrative capacity to comply. These businesses will need accessible financial and technical support tailored to the specific costs of transition.

Three reforms and the challenge of institutional capacity

From Expert-Grup's perspective, what are the three most important economic reforms needed to advance in these two clusters? Where are the largest gaps between adopting European rules and implementing them effectively, and how do you assess the institutions' capacity to overcome them?

I would highlight three priority reforms: improving the competition framework, including in the state-owned enterprise sector; strengthening quality infrastructure and market surveillance; and tax reform and improved public finance governance.

The first reform must ensure effective competition and a level playing field for all businesses, without which we cannot build a functioning economy. The Competition Council needs to be substantially strengthened so that it can more effectively prevent and combat anticompetitive practices and abuses of dominant positions. In parallel, the reform of state-owned enterprises and the strengthening of the Public Property Agency's capacity must be accelerated. The objectives are to depoliticise administration, professionalise management and make more efficient use of public assets, including through transparent privatisations conducted with integrity, where economically justified.

The second reform concerns standardisation, accreditation, metrology, conformity assessment and market surveillance. These are essential for demonstrating that products meet European requirements and facilitating their access to the single market. Strengthening this system is also necessary for concluding the Agreement on Conformity Assessment and Acceptance of Industrial Products (ACAA) in the sectors concerned. We need substantial investment in staff, skills, equipment and enforcement capacity, particularly in market surveillance.

The third reform aims to establish a more coherent and predictable tax system, alongside more responsible management of public finances. Priorities include reviewing tax incentives and gradually eliminating those that are unjustified or incompatible with EU rules, establishing a clear timetable for aligning excise duties, and creating an independent fiscal institution to assess macro-fiscal forecasts and compliance with fiscal rules. Alongside these measures, strengthening the NBM's independence remains essential for the credibility of monetary policy and macroeconomic stability.

The critical gap is between the laws adopted and the institutions' actual capacity to implement them. The pace of legislative harmonisation is encouraging, but difficulties arise in implementation. Institutions responsible for market surveillance, competition and labour inspection face shortages of staff and expertise, driven in part by uncompetitive salaries. Taking on new responsibilities must therefore be accompanied by the resources needed to fulfil them. Progress towards the provisional closure of negotiating chapters will depend on demonstrating effective implementation of the rules and the results achieved.

From low costs to productivity

How can the accession process help the Republic of Moldova move from competitiveness based on low costs to competitiveness based on productivity and higher value added? What needs to change in industrial policy, education and vocational training to ensure that investment generates better-paid jobs?

The current model of competitiveness relies on low costs, whether labour costs or tax costs in certain sectors. As the European integration process supports wage growth and tax incentives need to be reviewed, the need to move from cost-based to productivity-based competitiveness becomes clear. The cost advantage will diminish, and Moldova needs a more active and better-targeted policy to stimulate economic growth, with greater emphasis on supporting the private sector in the technological modernisation of production processes.

EU accession can contribute substantially to this transition. EU rules in areas such as competition, state aid, public procurement and corporate governance can reduce the economic rents that keep capital in activities with a limited contribution to productivity growth. These include speculative property investment and construction, import and distribution activities protected by administrative barriers, and state-owned enterprises and businesses benefiting from privileged access to resources and public contracts, including in road infrastructure.

For the reduction of these rents to stimulate productive investment, industrial policy must be more

clearly geared towards productivity growth through co-financing investment in technology, developing sectoral clusters, supporting applied research in partnership with businesses, and attracting investors who bring technology and know-how.

In education and vocational training, the essential change is to direct funding towards developing skills relevant to the labour market. The low employment rate – around 45%, one of the lowest in Europe – youth unemployment of 19.6%, and informal employment accounting for approximately one-fifth of total employment point to structural labour market difficulties, including mismatches between available qualifications and employers' demand.

There is a need to expand dual vocational education with financial participation from employers, introduce individual learning accounts and micro-credentials for adult reskilling, and align study programmes for regulated professions with European requirements to facilitate the recognition of qualifications, including automatic recognition where the applicable conditions are met. At the same time, the National Employment Agency (ANOFM) must strengthen its role in skills assessment and development alongside job placement, while improving the effectiveness of active labour market measures.

The Growth Plan and investment

To what extent do the Growth Plan's priorities address the main challenges facing the Moldovan economy? If you were to select three areas of investment with a long-term impact, what would they be, and what transparency and evaluation mechanisms should accompany the funding?

The Growth Plan, in its original form, responds well to the needs of the Moldovan economy, emphasising the transition towards a growth model based on higher-value-added activities. However, a substantial share of the resources is being directed by the Government towards measures whose contribution to the stated economic objectives is unclear or limited. In some cases, allocations appear to respond more to electoral considerations or social objectives, without a clear link to the structural transformation of the economy. While important, social objectives must be aligned with the Plan's rationale and priorities. At the same time, delays in implementing the investment component increase the risk that the available resources will not be fully utilised.

Support for SMEs and protection of vulnerable groups

How can small and medium-sized enterprises, including those outside Chișinău, be supported in adapting to European requirements? What improvements are needed in support programmes to ensure that funding also reaches businesses with growth potential but limited resources and administrative capacity?

Support programmes must cover part of the costs incurred by SMEs in complying with EU requirements. Support could be provided through EU compliance vouchers, accessible through simplified procedures, to fund certification, testing in accredited laboratories, labelling and legal advice. These are expenses that small businesses often postpone because they do not generate immediate revenue, even though they are essential for access to the European market.

In parallel, a dedicated financing instrument is needed to integrate small businesses into the supply chains of exporters and major investors. It could support the adaptation of production processes, quality improvements and compliance with potential customers' requirements, complemented by assistance in identifying business partners, including through the Enterprise Europe Network.

Who risks bearing the greatest costs of adapting to European rules, and how should these costs be distributed? What measures are needed to ensure that economic modernisation translates into better wages and working conditions without deepening social and regional inequalities?

The costs of adaptation fall disproportionately on those with the fewest resources and alternatives: microenterprises, low-income households and workers in low-productivity sectors. Removing tax incentives without well-targeted compensatory measures may hit poor households' budgets hardest. Small businesses face proportionally higher certification and compliance costs than large enterprises, while low-paid agricultural workers have limited opportunities to find alternative employment.

Certain vulnerable groups may therefore be exposed to shocks, and public policies must take this into account through energy compensation, support for small farms, compliance vouchers for SMEs, greater local fiscal autonomy and targeted support for vulnerable households.

How we measure results and what the risks are

Looking ahead to the next two to three years, what concrete results should we use to assess the success of reforms associated with the negotiations and the Growth Plan? Which indicators would you monitor, and what do you consider the main risk that could prevent funding and reforms from translating into benefits for citizens?

Conformity Assessment and Acceptance of Industrial Products (ACAA), which would facilitate access to the EU market through the recognition of conformity assessment results in the sectors covered by the agreement. Another milestone would be the provisional closure of some chapters in clusters 2 and 3 by 2028, in line with the Government's objective of completing the technical negotiations by that deadline.

Another major success would be moving the Growth Plan's investment component from preparation to implementation, with infrastructure projects completed on time. The impact of this progress should be monitored through indicators such as the share of processed products in exports, the number of businesses exporting to the EU, the volume of private investment, labour productivity, real wages, the employment rate and the execution rate of public investment. These should be the main indicators used to assess the Government's performance in realising the economic benefits of the accession process.

The main risks relate to four factors. The first is the insufficient capacity of public institutions to implement the EU acquis, even if legislative harmonisation is progressing rapidly. The second is the fragility of the economy, including the risk of stagflation in 2026 and modest growth in 2027, against a backdrop of a very high current account deficit, estimated at around 20% of GDP. The third is limited fiscal space: a budget deficit of approximately 5–6% of GDP restricts the state's capacity to intervene, while the fact that most Growth Plan funding takes the form of loans, even on favourable terms, makes efficient use of resources essential. The fourth is the electoral calendar over the coming years, which may slow reforms and increase uncertainty in an already volatile political, economic and social context.

Despite the economic and institutional risks you have described, why do you remain optimistic about the Republic of Moldova's accession to the European Union, and what conditions are essential for success?

I am fully aware of the problems and risks described above, but I remain firmly convinced that the Republic of Moldova can succeed. We have a small and vulnerable economy, with low productivity, major external imbalances, limited fiscal space and institutions that lose specialists to the private sector or emigration. Yet none of these problems is new, and none was created by the accession process. On the contrary, European integration provides a coherent framework for addressing them simultaneously, through clear rules, substantial financial resources and a timetable of commitments. Progress in the negotiations, close trading links with the EU market and the fulfilment of reform commitments show that, when there is political will, institutional effort and external support, the Republic of Moldova can deliver results.

Success depends on our ability to translate this process into economic development and to manage the costs of transition fairly. I see three essential conditions.

The first is the careful negotiation of accession chapters, based on the economy's actual capacity to adapt. Where necessary and negotiable, transitional periods are legitimate instruments for spreading costs over time and protecting vulnerable households and businesses. Requests must be supported by data, impact assessments and credible compliance plans that explain both why additional time is needed and how it will be used.

The second is clear and honest communication with citizens and the business community: what benefits are expected, who bears the costs of adaptation, when these costs arise and what support will be available. People can accept change more readily when they understand it, see the prospect of benefits and are assured that their difficulties are being taken seriously. Trust damaged by exaggerated promises or triumphalist communication is difficult to regain.

The third is substantial and predictable support from development partners to strengthen implementation capacity. Technical assistance, seconded experts, institutional twinning projects with authorities in Member States, and temporary support for functions critical to accession can contribute to this effort. They must be accompanied by domestic measures that enable institutions to attract and retain specialists, so that the expertise developed remains within the public administration.

If we meet these conditions, accession could become the most important economic transformation in the Republic of Moldova's history. The experience of Central and Eastern European countries shows that European integration can support growing prosperity, even from a difficult starting point. Results depend, however, on the quality of policies and institutions, as well as on how the benefits of development are distributed. The Republic of Moldova has the opportunity to follow this path. Perseverance will be needed, and the costs cannot be eliminated entirely, but they can be managed so that accession brings better employment opportunities, higher incomes and quality public services to as many people as possible.

Thank you!

EU negotiations turn to money, taxes and business: what does the Republic of Moldova stand to gain and risk?

Analysis by Marin Gospodarenco, Director of the ECONOMICA Analytical Centre



Marin Gospodarenco, Director of the ECONOMICA

On 13 October 2026, the Republic of Moldova opened negotiations with the European Union on two decisive clusters: "Internal Market" and "Competitiveness and Inclusive Growth". The 17 chapters govern businesses, banks, taxation, services and the labour market. The Republic of Moldova now has 24 of the 33 chapters open, although this does not mean immediate entry into the single market.

The negotiations begin at a difficult moment. GDP grew by just 0.6% in the first half of the year, while gross value added stagnated. Annual inflation reached 8.6% in September. The paradox is that, in trade terms, we are already in Europe: almost two-thirds of exports go to the EU, and customs duties were removed long ago. What is being negotiated now concerns standards, services and the cost of money. However, tax alignment, with higher excise duties, raises the cost of living just as the NBM is trying to bring inflation under control.

Through the DCFTA, Moldovan businesses already enjoy preferential access to the EU market. Cluster 2, however, deepens integration through product standards, certification, competition, financial services, consumer protection and the free movement of capital.

One example is the Agreement on Conformity Assessment and Acceptance of Industrial Products, being negotiated for low-voltage electrical equipment and electromagnetic compatibility. If finalised, it could simplify mutual market access in the areas covered, even before accession. Exporters that are ready could save time and certification costs.

At the same time, small businesses serving the domestic market will face new expenditure on equipment and procedures. Here lies the first asymmetry: gains may come gradually, but compliance costs arise immediately. Without financing and technical assistance, some businesses will modernise, while others risk losing their market.

European banks: opportunities and costs

The benefits of financial integration are not merely theoretical. The NBM estimated that, in the first year of SEPA operations, individuals and companies saved EUR 16.4 million in fees on euro transfers. This is a measurable gain.

More difficult adjustments lie ahead, however. The Republic of Moldova is requesting transitional periods for raising deposit guarantee coverage to the European level of EUR 100,000 and for implementing certain requirements concerning banks' capacity to absorb losses. These changes strengthen depositor protection but require additional resources. The EU requires calculations of the costs and a timetable before accepting transitional periods.

The authorities must negotiate on the basis of credible banking simulations, so that greater financial system safety does not unduly constrain lending to the real economy.

European taxes: a test for the Republic of Moldova

Cluster 3 brings VAT, excise duties, special tax regimes and public finance discipline to the forefront. For households, the effects may be felt in utility bills and fuel prices; for businesses, in production and investment costs.

The Republic of Moldova has therefore requested that a transitional VAT regime for household utilities remain in place until 2037. The EU's position is that social objectives can be pursued through reduced rates permitted under European legislation, rather than a general exemption. For diesel, the Republic of Moldova has requested a five-year transition to the European minimum excise duty, but Brussels is asking for the timetable to be revised before taking a position.

These are negotiating positions, not exemptions already secured. With inflation high, the tax timetable matters as much as tax levels. Abrupt increases can drive up transport costs and prices and put further pressure on vulnerable households. The solution lies in gradual, predictable increases, targeted social support and measures to combat tax evasion.

A separate issue concerns free economic zones and Moldova IT Park. Chișinău is seeking transitional periods for preferential regimes, while new European rules, including those on minimum taxation for large corporate groups, require incentives to be reconsidered.

The objective should not be to perpetuate exemptions, but to replace them, where necessary, with transparent instruments compatible with EU legislation that reward investment, research and job creation.

Land and labour under pressure

The Republic of Moldova has requested a 30-year transitional period for liberalising purchases of agricultural and forest land by non-residents. The EU considers that further information is needed before it can formulate a position. The request needs to be supported by data on ownership, prices, family farms and the risk of land concentration.

On the labour market, the EU envisages the possibility of transitional restrictions on Moldovan workers in certain Member States, while the Republic of Moldova must prepare to grant EU citizens access to its own market.

Mobility may therefore exacerbate the shortage of skilled workers. The response cannot be to restrict migration artificially, but to provide wages supported by productivity, dual vocational education and investment in skills.

In these negotiations, the strongest position is not the one with the most exceptions, but the one that can demonstrate the costs and benefits of each exception.

First, the Government must present impact assessments for each chapter: who bears the costs, what investment is needed, and what effects there will be on prices, exports, the budget and employment. Without these calculations, requests for transitional periods are vulnerable to rejection.

Next, an SME adaptation programme is needed: affordable loans, competitive grants for technological upgrading, testing and certification laboratories, energy efficiency and export advice. Support must be assessed on the basis of productivity, not the number of beneficiaries.

The authorities must also establish a multiannual tax timetable and evaluate all existing incentives. The EU's position itself calls on the Republic of Moldova to produce, by the end of 2026, an alignment plan based on a cost-benefit analysis of tax incentives. This is an opportunity to distinguish incentives that attract genuine investment from those that erode budget revenues without clear results.

At the same time, the institutions responsible for enforcing the rules — the Competition Council, the State Tax Service, the National Commission for Financial Markets and other financial authorities — must receive additional funding and become more professional. A regulatory framework is no substitute for enforcement capacity. Finally, the Growth Plan, worth up to

EUR 1.9 billion for 2025–2027, must be linked to projects that increase productivity: energy, logistics infrastructure, digitalisation and industrial investment.

From accession to prosperity

The two clusters could become an important driver of economic modernisation in the Republic of Moldova by attracting investment, increasing productivity, strengthening competition and improving the business environment.

However, the benefits will neither emerge overnight nor be distributed evenly. Ultimately, the success of the negotiations will be demonstrated not only by the number of chapters closed or laws harmonised, but by productive investment, modernised businesses, higher-value-added exports, better-paid jobs and rising living standards. The true economic purpose of accession is to transform European integration from a process of legislative harmonisation into a lasting engine of development and prosperity for the Republic of Moldova.

Imprint

Publisher
Friedrich-Ebert-Stiftung e. V.
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October 2026

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