

Moldova Weekly – November 4 – Report on the current situation in Moldova

The European Partnership for Democracy (EPD) is a Brussels-based organization active in the field of democracy assistance which has Moldova as one of the target countries. Using our partner organizations in Moldova we try to bring current information from established international and Moldovan news agencies in order to provide an independent view on Moldova to the Brussels decision makers. Please address any questions or comments to kristinaprunerova@eupd.eu.

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FOREIGN ENGAGEMENT

Official talks on Moldova-EU Association Agreement to start on 12 January

The first round of official talks on the signing of the Association Agreement between Moldova and the European Union will open on 12 January, 2010, Deputy Prime Minister and Minister of Foreign Affairs of Moldova Iurie Leanca announced. The date was agreed during a working visit to Chisinau of a delegation of the European Commission headed by Gunnar Wiegand, the head of the European Commission's Division for Eastern Europe, Caucasus and Central Asia. In a news conference, Iurie Leanca said that Moldova's major objectives were stated at the preliminary talks with Gunnar Wiegand. He reiterated the three objectives announced earlier by Prime Minister Vlad Filat. The Government of Moldova wants dialogue with the EU to start with security and political matters and continue during the next months with the formulation of an extended and comprehensive free trade agreement and the liberalization of the visa regime between Moldova and the EU. 'These objectives are not for the immediate future, but we hope that they will be discussed at the meeting of the Moldova-EU Cooperation Council that might take place in December this year,' Leanca said. Gunnar Wiegand said that the EU intends to develop the relations with Moldova by creating joint values and working together in the areas of justice, internal affairs and adjustment of Moldova's legislation to the European principles. 'This agreement is a very important, new international treaty under which Moldova must fulfill certain obligations in order to come closer to the EU,' the European official said. Asked how quickly the agreement could be signed, Leanca and Wiegand said that the negotiations are very serious and they cannot speak about fast results. Iurie Leanca also said that one more joint, informal meeting with the European partners will take place by the end of this year. The first discussions on the opening of the talks over the signing of the Association Agreement between Moldova and the European Union were held last week by Premier Vlad Filat and Swedish Foreign Minister Carl Bildt, who paid a visit to Chisinau. Sweden holds the EU presidency this year. *IPN, 21 October, 2009*

World Bank to support Moldova financially, via consultations

Moldova Prime Minister Vladimir Filat on Wednesday met the World Bank regional director for Ukraine, Moldova and Belarus, Martin Raiser. The meeting was focused on negotiations between the Moldovan authorities and foreign partners, particularly those concerning World Bank's projects in Moldova. Attending the meeting, World Bank Country Manager for Moldova, Melanie Marlett, said: 'We are here to identify some aspects of offering support by the World Bank as we realize that this moment is a special one for your country. We offer to support democratic initiatives and also to point out some issues related to the continuity of projects that the World Bank has previously initiated in Moldova'. The prime minister confirmed that the reforms seen in the government's action programme will be fully implemented. But this will be possible only with the support of foreign partners given the grave financial situation and the present political situation. Filat also mentioned the importance of continuing the implementation of infrastructure investment projects. He spoke in favor of adjusting some conditions and details seen in the concerned projects. They agreed to consider the possibility of extending financing for the reconstruction of a road in northern Moldova, project carried out with the World Bank's support, so that the segment reaches the Ukrainian border and not Drochia district, as was previously stipulated - All the more so, as the feasibility survey and the necessary expertise have already been made. Support for administrative reform was also considered at the meeting. Martin Raiser expressed the World Bank's willingness to continue supporting Moldova in both advisory as well as financial aspects. *Moldpres, 21 October, 2009*

EC to provide financial assistance only after agreement with IMF is signed

The European Commission is ready to provide macro-financial assistance to Moldova, but only after the agreement with the International Monetary Fund is signed, European Commissioner Leonard Orban said at an EC meeting while discussing the economic and financial situation in Moldova. Orban expressed his confidence that the European Parliament will promptly approve the assistance package. 'The assistance will be designed to encourage reforms in a number of areas, not only to cover the budget deficit.' During a session of questions put to the Commissioner, the MEPs said that the EU must act quickly. 'The economic situation in Moldova is more difficult than in the countries of our continent. Therefore, the EU institutions must identify solutions to provide macro financial assistance to this state immediately so that it could cover the budget deficit of 14% of the GDP,' said Romanian MEP Catalin Ivan, a member of the European Parliament delegation for relations with Moldova. According to Ivan, the talks over a new agreement with Moldova were to be opened long ago. 'Today, the opening of the talks became possible and they could close very quickly. The Moldovan Parliament is in a difficult situation. The risk of new elections is still high.' According to Romanian MEP Sebastian Bodu, the EC report on the economic and financial situation in Moldova leaves no room for interpretation. 'The Government of Moldova experiences difficulties caused by the global economic crisis as well as by the long-delayed or wrong economic decisions made by the former power,' Bodu said. Bulgarian MEP Kristian Vigenin said the EU is obliged to help Moldova overcome the difficult situation, especially after the country went through two elections. Lena Barbara Kolarska-Bobińska, Polish MEP, said the results that Moldova can achieve will be an important signal for other post-Soviet countries of the region. Romanian MEP Elena Basescu, the daughter of Romania's President Traian Basescu, said that after the 29 July elections, the Moldovan citizens showed that they want to become part of the EU. She stressed that the macro economic assistance must be provided before winter. The MEPs also considered the possibility of liberalizing the visa regime between Moldova and the EU and discussed the Transnistrian conflict, reiterating the necessity of resuming the talks in the 5+2 format. Speaking about the talks over the liberalization of the visa regime for Moldovan travelers, Commissioner Leonard Orban said the EU will take long-term gradual measures in this respect. IPN, 22 October, 2009

Moldova and EU agree visa regime liberalization steps

'The steps that must be taken to open talks on the liberalization of the visa regime and creation of an expanded free trade zone between Moldova and the EU have been agreed,' Deputy Foreign Minister Natalia Gherman told a news conference held at the end of the tenth meeting of the Moldova-EU Cooperation Committee. According to the deputy minister, during discussions with the European officials they took stock of the actions taken under the EU-Moldova Plan of Action. 'There were emphasized a number of aspects in the development of the EU-Moldova relations in a number of areas, including the political dialogue and the reforms, the social-economic development, the commercial relations, the cooperation in the customs, transport, energy, telecommunications and environment sectors as well as the interhuman relations,' Natalia Gherman stressed. Gunnar Wiegand, the Head of the European Commission's Division for Eastern Europe, Caucasus and Central Asia, said that though the parties made serious efforts to develop cooperation, a lot of time of wasted as a result of the April events. 'In order to overcome the dramatic experiences of those weeks, we have recently started a democracy support program. The program will consist of such elements as support for reforms and media plurality and will be implemented by experts of the Council of Europe and the European Parliament,' Gunnar Wiegand said. According to the European official, the EU is ready to assist Moldova with its macroeconomic policy. 'It will be a gesture of solidarity of the EU in this difficult period experienced by Moldova,' Wiegand said, adding that a feasibility study needed to create the free economic zone was finalized at the meeting of the Moldova-EU Cooperation Committee. He also said that Moldova is yet to take many

steps to show that it is ready to finish these negotiations, but the conclusions of the feasibility study are encouraging. *IPN, 24 October, 2009*

Ukraine, Moldova to support each other on European integration path

Parliament Speaker and acting President Mihai Ghimpu met Ukrainian Extraordinary and Plenipotentiary Ambassador to Moldova Sergey Pirozhkov on 27 October. The officials tackled bilateral cooperation relations. Ghimpu reiterated Moldova's interest in extending and diversifying the Moldovan-Ukrainian bilateral ties, as well as in turning to account the entire potential of collaboration in many fields for the benefit of both countries' citizens. The sides expressed willingness to deepen the inter-parliamentary relations, speaking out for a constructive and open dialogue. Mihai Ghimpu said that the Moldovan-Ukrainian inter-parliamentary friendship group, due to be set up in the nearest future, will aim at achieving this objective. Speaker Mihai Ghimpu expressed confidence that the present Moldovan leadership will contribute to fostering the Moldovan-Ukrainian relations. He emphasized interest in developing sustainable economic partnerships and increasing foreign investments in Moldova's economy. The authorities are to undertake specific actions to liberalize the economy and ensure a proper investment climate, and this would allow Ukrainian business people investing in Moldova, the president said. At the end of the meeting, the sides exchanged opinions on the common goals of the two states: European integration and Transnistrian conflict settlement. The officials highlighted the importance that the two countries support each other to meet the European integration and the democratic aspirations of Moldova and Ukraine. *Moldpres, 28 October, 2009*

Situation in Moldova discussed at CE-EU high level meeting

The 29th Quadripartite meeting between the Council of Europe and the European Union was held in Luxembourg on Tuesday at the invitation of the Swedish Presidency of the Council of the European Union. It was attended, on the European Union side, by Ms Cecilia Malmstrom, Minister for European Affairs of Sweden, and Mr. Karel Kovanda, Acting Director General for External Relations in the European Commission, and on the Council of Europe side, by Mr. Samuel Zbogar, Minister of Foreign Affairs of Slovenia, and Mr. Thorbjorn Jagland, Secretary General of the Council of Europe. The participants noted all political contributions to the democratic process following the elections in the Republic of Moldova. They underscored the need for constructive dialogue and a climate of responsible cooperation between all political forces in the face of the formidable challenges the country faces. The participants agreed on the need for the Republic of Moldova to make progress in implementing reforms particularly in view of the impact of the global economic and financial crisis in the country. They stressed their readiness to help the Republic of Moldova in these efforts. The participants welcomed the readiness of the European Union to start negotiations on a new agreement with the Republic of Moldova that will replace, and go beyond, the current Partnership and Cooperation Agreement. They recalled in this context the need for the Republic of Moldova to continue to make progress in the field of respect for human rights, democracy and the rule of law, including freedom of expression and media freedom, and welcomed early signals from the new Moldovan government to this effect. They welcomed joint Council of Europe-European Union efforts to implement a democracy-support assistance package initiated by the European Commission to underpin government efforts in this regard. They confirmed their intention to cooperate closely in implementing such assistance in the framework of Joint Programmes, including in the specific area of media training for non-biased pre-electoral campaign coverage. The participants agreed that the resolution of the Transnistrian issue is possible only through peaceful means and transparent negotiations in the 5+2 format. They welcomed the efforts deployed by both organizations to contribute to confidence-building measures in the context of the Transnistrian settlement, in the areas of environment, health, education, media and civil society. They noted the launch of confidence-building projects supported by the EU in the economic and social fields. *Infotag, 28 October, 2009*

European Commission delegation to Moldova to have new head

The former Resident Representative of the European Commission at Kiev, Dirk Schuebel, will shortly replace Cesare de Montis as Head of the Delegation of the European Commission to Moldova, de Montis announced during the farewell meeting he had with Moldova's Acting President, Parliament Chairman Mihai Ghimpu. Cesare de Montis reaffirmed the European Union's readiness to initiate, in early 2010, negotiations on signing an agreement on EU associated membership. He said that Benita Ferrero-Waldner, European Union's Commissioner for External Relations and the European Neighbourhood Policy, will pay a working visit to Moldova in November. *Infotag, 28 October, 2009*

Moldova, USA sign agreement extending US support for democratic reforms

Prime Minister Vladimir Filat and US Extraordinary and Plenipotentiary Ambassador to Moldova Asif J. Chaudhry on Thursday signed an agreement providing for the extension of the US Government's continuous support for the democratic reforms and supremacy of law in Moldova. The agreement sees the extension of the period of implementing the Preliminary Country Programme of the Millennium Challenge Corporation (MCC) as regards the Customs System reform till early 2010. As a result of this programme, Moldova's Customs Service will be connected to the European e-system for checking international cargo transport. Although all the other components of the MCC's Preliminary Country Programme have been completed already, the sides agreed to extend the programme for the Customs Service, as the reform in this field is of utmost importance for Moldova. The programme will help enhance the transparency in the Customs Service's activity and increase the state budget revenues. The total budget for this component within the MCC's Preliminary Country Programme is about 1.5 million dollars. Prime Minister Vladimir Filat thanked the US Government for its constant support for Moldova, stressing that the reforms are essential for Moldova. Asif J. Chaudhry congratulated the prime minister for having successfully finished the talks with the International Monetary Fund. He emphasized that Moldova's Cabinet of Ministers led by Vladimir Filat achieved incredible results, despite the fact that it has been in power for just five weeks. Ambassador Asif J. Chaudhry specified that the US Government will further support Moldova on the path of democratic reforms. *Moldpres, 29 October, 2009*

Romanian president signs decrees on opening two consulates in Moldova

On Monday, 2 November, Bucharest Presidency announced that the Romanian President had signed two decrees on opening Romanian consulates in Republic of Moldova. A decree refers 'to the foundation of the General Consulate of Romania to Cahul', the second to Balti. In the middle of October 2009, the new Chisinau authorities accepted the opening of two consulates. The opening of a Moldovan consulate in Iasi is still under discussion. We remind you that, during the communist governance, there were some attempts from the part of Bucharest authorities referring to opening two consulates in Republic of Moldova. They were rejected, because of some different reasons, including political ones. *Deca-press, 2 November 2009*

USA encourage policies promoted by new Chisinau authorities

At the end of the last week, the deputy Prime Minister Iurie Leanca, Minister of Foreign Affairs and European Integration had a phone talk with Philip Gordon, US Secretary of State Assistant. As the Chisinau diplomacy informs, the parties looked through the main issues of the Moldo-American relations. They discovered the suitable conditions for the improvement of the bilateral cooperation relations from the perspective of the US-Republic of Moldova strategic partnership consolidation. Philip Gordon mentioned that the American administration encourages policies promoted by the new governing authorities. He will support the efforts of implementation of reforms and modernization of the country made by Republic of Moldova efforts. Iurie

Leanca referred to the difficulties faced by the Moldovan authorities in make the country return to a normal democratic life and overcome economic crisis. In another context, Leanca and Gordon exchanged opinions on the perspectives of settlement of the Transnistrian conflict. *Deca-press, 2 November 2009*

Caretaker president highlights importance of NATO PA relations

After the Alliance for European Integration came to power, the relations between Moldova and the EU have improved. A conclusive proof is the opening of the talks on the signing of the association agreement in October 2009. In continuation, Moldova will initiate negotiations on the agreements to liberalize the regime of visas and to create an extensive free trade zone, Moldova's Caretaker President Mihai Ghimpu said at a meeting with the delegation of the Subcommittee on Democratic Governance of the NATO Parliamentary Assembly headed by Marc Angel. The NATO delegation has been in Chisinau on a fact-finding visit to finalize the special report 'The Republic of Moldova: Internal Challenges; Prospects for Euro-Atlantic Integration', it is said in a communiqué from the Parliament's press service. The major internal and foreign policy objective of Moldova is to become part of the European community and this is the wish of most of the Moldovan people, Mihai Ghimpu said. In this connection, he stressed the importance of the relations with the NATO Parliamentary Assembly, which contributes to the development of the democratic institutions of Moldova. At internal level, the main task of the current administration is to overcome the economic crisis and solve the social problems. Speaking about the prospects of peacefully solving the Transnistrian conflict, Mihai Ghimpu said that Russia must pull out its troops and munitions from the left bank of the Nistru and the talks in the 5+2 format should be resumed. The special report 'The Republic of Moldova: Internal Challenges; Prospects for Euro-Atlantic Integration' is to be presented for approval at the autumn session of the NATO Parliamentary Assembly that will take place in the UK during 13-17 November, the communiqué says. *IPN, 2 November 2009*

Government of Moldova negotiates Compact Program in Washington

Moldova could obtain US\$262 million in non-reimbursable Compact assistance to repair the roads and switch over to advanced agriculture by this yearend. The negotiations on the Compact agreement are taking place in Washington between 2 and 6 November. The country proposal for Compact assistance was submitted to the MCC at the end of February 2008. Afterward, it was subjected to an extensive assessment and finalization process. MCC, an innovative and independent U.S. Government foreign assistance agency, is helping lead the fight against global poverty. Created by the U.S. Congress with strong bipartisan support in 2004, MCC is changing the conversation on how best to deliver U.S. foreign assistance by focusing on good policies, country-led development, and results. *IPN, 3 November 2009*

MOLDOVA POLITICS

Supreme Security Council has new composition

Moldova's Acting President Mihai Ghimpu issued a presidential decree, naming the new members of the Supreme Security Council. Mihai Ghimpu, as Caretaker President of Moldova, will head of the Council. Its members include Prime Minister Vlad Filat, the first deputy parliamentary Speaker Serafim Urecheanu, MP Marian Lupu, Deputy Prime Minister Iurie Leanca, Minister of Finance Veaceslav Negruta, Minister of Internal Affairs Victor Catan, Minister of Defense Vitalie Marinuta, the director of the Security and Information Service (SIS) Gheorghe Mihai and Prosecutor General Valeriu Zubko. The Council is a consultative body under the President of Moldova that analyzes the work of the ministries and departments aimed at ensuring national security. *IPN, 23 October, 2009*

Parliament adopts declaration on judicial system

The parliamentary majority on Friday passed a declaration on the state of justice in Moldova. The Communists opposed the consideration of this issue, stressing the need to consult judges and civil society. According to an MP of the Liberal Democratic Party, Vitalie Nagacevschi, the state of the Moldovan justice is out of common, and normality in the field needs to be restored. A member of the Our Moldova Alliance, Veaceslav Untila, highlighted the need for the parliament to take a position on the matter before the Congress of Judges in order to give a signal that the current situation in the juridical system will not be tolerated. Nagacevschi read out the draft statement, which noted a number of shortcomings in the Moldovan judicial system. Justice is seriously affected by compulsive corruption and political commitments, the MP said, demanding complete reform in the judicial system. He said that according to the European Court of Human Rights' decisions, judges are punished for obedience to the Moldovan authorities, for covering up cases of torture, issuing verdicts without fair trials, etc. Anatolie Zagorodnii expressed the Communists' position describing the document is subjective and adversely affects the rights of judges. The Communists didn't deny that there were problems in the work of the judiciary, particularly in terms of corruption, but noted that hearings on the topic be held first. The statement's final version was edited by removing all direct accusations against the Communist Party. After a harsh exchange of retorts between Parliament Speaker Mihai Ghimpu and MPs of the Communist Party, the latter left the meeting hall. *Moldpres, 30 October, 2009*

AIE will have a charter

In a week or two at the most, the Alliance for European Integration (AIE) will adopt a functioning statute, which will formally incorporate it as the ruling coalition. The announcement was made by representatives of the four parties forming the AIE. A draft charter for the AIE, which outlines the internal rules of the coalition, was proposed several months ago by an outsider. It is now being examined by a coordination group consisting of representatives from the Liberal Democratic Party (PLDM), the Liberal Party (PL), the Democratic Party (PDM) and the Moldova Noastra Alliance (AMN). The four parties explained the delay in adopting a bylaw for the AIE by arguing that thorough consideration was needed in order to avoid any ambiguity. *IPN, 31 October, 2009*

Vote to elect head of state to be held on 10 November

The Parliament will try to elect the President of Moldova on 10 November. The MPs will come together for a sitting on 3 November, starting at 15.00. They will pronounce on the date of the presidential elections. Only 3/5 of the MPs can attend the special sitting at which the head of state is to be elected. According to the amendments, if the election of the President becomes impossible owing to objective circumstances, the Parliament can postpone the sitting. If the head of state is not elected at a new sitting, return elections are announced. The rerun elections take place within 30 days of the last ordinary elections at which the President could not be elected. If the rerun elections fail, the Acting President dissolves the Parliament. During a year, the legislative body can be dissolved only once. *IPN, 2 November 2009*

Moldovan presidential candidate comments on visit to Moscow

Russia is interested in the stabilization of the political situation in Moldova and settlement of the political crisis once the president is elected. This is the conclusion of the leader of the Democratic Party (PDM) and candidate of the Alliance for European Integration (AIE) for the office of president, Marian Lupu, after a recent visit to Moscow. Lupu told that he met the head of the Russian presidential administration, Sergey Naryshkin, and representatives of the United Russia Party, whose leader is Vladimir Putin. The PDM leader denied any connection between his visit to Moscow and the one of the leader of the Party of Communists (PCRM), Vladimir Voronin, stressing that he made no parallels in this respect during his meetings in the Russian capital

city. Marian Lupu failed to say concretely whether he got Moscow's support for his candidacy for the post of president, stressing that this depends on the PCRM MPs. Lupu reiterated his willingness to hold dialogue with the Party of Communists, rejecting the notion of negotiations. The leader of the Democratic Party said that he would pay a visit to Brussels in the near future as well. *Moldpres, 2 November 2009*

ECONOMIC SITUATION

Moldova to get 590 million dollar financing from IMF

Moldova will receive financing worth 590 million dollars from the International Monetary Fund (IMF). An agreement on an accord to this effect was reached in Chisinau on Wednesday. The money is provided to Moldova during three years, and will be used especially to cover the budget deficit which is likely to stand at about nine per cent of the Gross Domestic Product (GDP) by late 2009. As much as 180 million dollars is to be given Moldova immediately after the government and the parliament take a decision to this end. Prime Minister Vladimir Filat said that the agreement itself will be signed in early 2010. The IMF's leadership has already approved the signing of an agreement with Moldova. The head of the IMF's experts' group, Nikolay Gueorguiev, said that the assistance will contribute to the stabilization and recovery of Moldova's economy. The Moldovan government's further policies should see a drop of the budget deficit to seven per cent in 2010, keeping the inflation under control, etc. The mission's head stressed that Moldova has presently a functional government and, no matter the political evolution in the country, the agreement will remain in force. In continuation, Moldova's government is to start negotiations with the foreign partners to access new financing funds, including Russia and China. As for the evolution of the most important macroeconomic indexes, the GDP is to increase 1.5 per cent in 2010, and five per cent in 2012. *Moldpres, 28 October 2009*

WB approves financing credit for Competitiveness Enhancement Project

The World Bank Board of Directors on 29 October approved an additional financing credit to Moldova in the amount of US\$24 million for the Competitiveness Enhancement Project. The additional financing will complement the existing allocation of US\$14.3 million. The money will be used to scale-up matching grants to Moldovan businesses in improving their productivity, and provide lines of credit for investments and working capital needs of Moldovan export-oriented enterprises, it is said in the news release. *IPN, 30 October, 2009*

State foreign debt up by about 63,000 dollars since early 2009

The state debt amounted to 13,805.3 billion lei by 30 September, of which the foreign debt was 778.4 million dollars and the internal state debt 4,850.3 billion lei. The state foreign debt has increased by 62,900 dollars since early 2009, and was triggered by the fluctuation of the dollar's exchange rate against the other currencies, according to data by the Finance Ministry. The internal state debt increased by 1,340.5 million lei or 38.2 per cent against early 2009. The internal state debt changed because of an increase by 1,400.5 billion lei of the state stocks and shares (VMS), issued by tenders and VMS worth 300 million lei were placed by subscription. During the first nine months of 2009, financial means amounting to 516.8 million lei was used to honour the internal state debt, which accounts for 88.9 per cent of the sum approved for the 2009 budget. As much as 590.4 million lei was used to pay the foreign state debt, which accounts for 86.3 per cent of the sum approved for the 2009 budget, according to data by the Finance Ministry. *Moldpres, 30 October, 2009*