

1ST JOINT PROGRESS REPORT

NEGOTIATIONS ON THE EU-REPUBLIC OF MOLDOVA ASSOCIATION AGREEMENT

CONTEXT/SUMMARY

Relations between the European Union (EU) and the Republic of Moldova are based on the Partnership and Co-operation Agreement (PCA), which entered into force in 1998. Since February 2005, a joint EU-Republic of Moldova ENP Action Plan has set out priorities based on commitments to shared values and effective implementation of political, economic and institutional reforms.

At the EU-Republic of Moldova Co-operation Council in Brussels in December 2009, both sides released a joint statement, which referred to the future Association Agreement as a vehicle to enhance political dialogue and economic and sector approximation, within the context of the Eastern Partnership.

Negotiations on an Association Agreement between the EU and the Republic of Moldova were launched in Chisinau on 12 January 2010. The AA should significantly enhance the EU- Republic of Moldova common institutional framework, facilitating the deepening of relations in all areas, as well as the deepening of political association and economic integration, which involves reciprocal rights and obligations.

This 1st Joint Progress Report highlights the progress achieved since the launch of negotiations and will be presented to the EU- Republic of Moldova Cooperation Council on 15 June 2010.

Since the launch of negotiations on 12 January 2010 in Chisinau, talks have been conducted in plenary sessions and in four negotiating groups covering (i) political dialogue and foreign and security policy (ii) justice, freedom and security issues, (iii) economic and sectoral cooperation and (iv) people-to-people cooperation. Three plenary sessions have taken place to date. These have been supplemented by an intensive series of videoconferences providing for a continuous negotiation on economic and sector cooperation issues as well as on people-to-people cooperation, with the participation of a wide range of experts. The fourth negotiating round on the Association Agreement is foreseen to take place in October 2010 in Brussels. The fifth round is expected to be organised before the end of 2010 in Chisinau.

Negotiations have been conducted in a very constructive and positive atmosphere, with both sides showing readiness to advance quickly.

Key Progress

Broad agreement was reached on the elements covering the Political Dialogue and Foreign and Security Policy and Justice, Freedom and Security.

A strong joint commitment to negotiate in a constructive spirit allowed the Parties to start negotiations on 22 (out of 27) chapters on economic and sector cooperation and five chapters on People-to-People cooperation.

In total, twelve chapters have been provisionally closed, regarding areas as diverse as consumer protection, statistics, tourism and civil society cooperation. Progress was also made on the Preamble, the Objectives and General Principles of the Agreement.

SPECIFIC PROGRESS SINCE THE LAUNCH OF NEGOTIATIONS IN JANUARY 2010

Both sides have provisionally closed the negotiations on almost all matters of Political Dialogue and Reform, Cooperation in the Field of Foreign and Security Policy. The provisionally agreed text covers issues such as the aims of political dialogue; domestic reform; foreign and security policy; conflict prevention and crisis management; weapons of mass destruction; small arms and light weapons and conventional arms exports control; and combating terrorism. While large parts of the text have already been agreed, some further work will be necessary, in particular to the articles on regional stability (reference to Transnistrian issue) and on issues related to the International Criminal Court (ratification and implementation of the Rome Statute).

The Justice, Freedom and Security chapter is also close to final agreement. Both sides have agreed on aspects covering the rule of law and respect for human rights; protection of personal data; cooperation on migration, asylum and border management; cooperation on the fight against illicit drugs; money laundering and terrorism financing; combating terrorism. Negotiations on movement of persons and fighting organised crime, corruption and other illegal activities remain to be finalised.

In the group on Economic and Sector Cooperation, the negotiations on 18 out of 22 identified areas of cooperation have opened the way for a comprehensive implementation by the Republic of Moldova of core EU laws and standards. This will have an impact on the rules under which economic activities will be conducted in the Republic of Moldova and hence on business and citizens alike. On the basis of position papers an intensive exchange of views has taken place via videoconferences.

Draft Agreement texts are being negotiated on agriculture and rural development; civil protection; climate action; company law; consumer protection; energy cooperation; environment; financial services; public health policy; industrial and enterprise policy; information society; management of public finances; mining; social cooperation; statistics; taxation; tourism; and transport. Seven chapters have been provisionally closed: on civil protection, consumer protection, company law, information society, mining, statistics and tourism.

In the group on People-to-People Cooperation, negotiations have already covered all of the five identified areas of cooperation. On the basis of position papers an extensive exchange of views has taken place. Four chapters have been provisionally closed, on civil society cooperation, culture, audio-visual policy and media, education, training, youth and sports, as well as research, technological development and demonstration. Negotiations will continue on the chapter on cross-border and regional level cooperation.

Following the discussion of the results of a study on the Feasibility, Impact and Implications of a Free Trade Area between the EU and Moldova, both sides agreed to take a step by step approach in preparing negotiations of a future Deep and Comprehensive Free Trade Area (DCFTA). Moldova submitted replies to an extensive Commission questionnaire and a set of supplementary questions, following which a fact finding mission from 31 May to 2 June to Chisinau was undertaken by the Commission. This mission will in the coming weeks lead to an assessment of the level of the Republic of Moldova's preparedness for a future DCFTA negotiation as well for taking on the commitments of a DCFTA, including sustaining the effects of additional far-reaching market opening and the ensuing increased competitive pressure. In addition, the fact-finding mission will determine the next steps to be taken towards the start of negotiations. The Commission will prepare a set of key recommendations, which will have to be addressed by the Republic of Moldova before future DCFTA negotiations can be launched, which will be part and parcel of the on-going negotiating process on a new Association Agreement.

CONCLUSIONS

Thanks to constructive engagement from both sides, negotiations on the future EU-Republic of Moldova Association Agreement have proceeded smoothly in the first three negotiating rounds since their launching, leading to a joint understanding on large parts of the Agreement. The Parties have re-affirmed their commitment to continue negotiations in the same spirit. Both the EU and the Republic of Moldova consider the completion of the negotiations as a key mid-term objective for their relationship. Starting negotiations on a Deep and Comprehensive Free Trade Area as part of the Association Agreement is a matter of priority. Negotiations will be launched if and when Moldova is deemed to be ready to take on and implement the commitments of a DCFTA and to sustain the effects of far-reaching market access liberalisation and regulatory approximation.

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