Moldova: EU highlights the need for continued implementation of the reform agenda

Strasbourg, 19 October 2021

Today, the European Union has published a report on the Association Implementation of the EU-Republic of Moldova Association Agreement. The report is published ahead of the 6th EU-Moldova Association Council on 28 October. It concludes that, while the second half of 2020 saw Moldova backsliding in rule of law standards and reforms, the early parliamentary elections on 11 July 2021, gave a clear and strong mandate to pro-reform forces to pursue an ambitious agenda on anti-corruption, an improved justice system and fighting poverty, in line with Moldova's commitments under the Association Agreement.

"We welcome the Republic of Moldova's renewed commitment to reforms in key areas of the EU-Moldova relationship, as well as active participation in the Eastern Partnership. The two elections that took place in the reporting period considerably changed the political landscape, with a pro-reform party winning the parliamentary majority for the first time in Moldova's history. This has opened a positive perspective for further enhancing EU-Moldova relations and working together on the long-awaited reforms, regaining public trust in the judiciary and public administration system, and improving the country's business and investment climate”, said High Representative/Vice-President Josep Borrell.

Commissioner for Neighbourhood and Enlargement, Olivér Várhelyi, added: "The EU stands by the people of Moldova. We are committed to support the pro-reform Moldova in economic recovery and development: The Economic Recovery Plan for Moldova, which will mobilise up to EUR 600 million over the next three years, as well as the Economic and Investment Plan for the Eastern Partnership region, including the five Flagship initiatives for Moldova, will be important drivers in this respect."

Key findings

Today's report, prepared by the European External Action Service and the European Commission, presents the state of play in implementation of reforms under the EU- Moldova Association Agreement since the last report on 12 September 2019. shows that the EU and the Government of Moldova continued to work together on reforms under the EU-Moldova Association Agreement/Deep and Comprehensive Free Trade Area (DCFTA), on the basis of strict conditionality. Reforms of the justice sector overall stagnated, though there was some progress with the preparation of a new Justice Strategy for 2021-2024, and the recent adoption of the Constitutional amendments strengthening the independence of the judiciary.

Six years after the investigation of the 2014 bank fraud begun, none of the major culprits are behind bars, and the lost assets have not been recovered. In 2020 and 2021, trials were repeatedly postponed, charges were dropped against shareholders in the affected banks, and convicted perpetrators were released from prison early.

The COVID-19 pandemic triggered extraordinary measures, including a state of emergency. This lead to a 7% drop in GDP in 2020, a decrease of private consumption and a worsening fiscal situation. During the reporting period, Moldova was a major beneficiary of EU macro-financial assistance. EUR 30 million was disbursed in July 2020, followed by EUR 50 million in November 2020 to cover urgent financing needs resulting from the COVID-19 crisis. Following significant progress on the agreed reform conditions, the Commission disbursed additional EUR 50 million on 7 October 2021.

The EU remained the main trade partner of Moldova, accounting for 53% of its total trade. A new Customs Code was adopted on 24 August 2021, paving the way for the future customs cooperation and trade facilitation. On 16 July 2021, the Commission included Moldova in the list of third countries authorised to export dairy products to the EU, subject to specific risk-mitigating treatment. At the same time, the amendments to the Domestic Trade Law adopted and promulgated under the previous leadership run contrary to Moldova's commitments under the DCFTA, as well as to the World Trade Organisation provisions on national treatment of goods, and need to be rectified.

Moldovan citizens continued to benefit from visa-free travel to the EU and the Schengen Associated
Countries. The fourth report under the Visa Suspension Mechanism adopted on 4 August 2021 confirmed that Moldova continues to fulfil the visa liberalisation benchmarks. However, it also identified that further efforts were needed to address the issue of unfounded asylum applications, alignment of Moldova's visa policy with the EU lists of visa-required third countries as well as the shortcomings in the areas of financial fraud, anti-money laundering, the prevention and fight against corruption and organised crime.

For More Information

2021 Association Implementation Report on the Republic of Moldova
Factsheet – EU-Moldova relations
EU Delegation to the Republic of Moldova

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