



European Economic and Social Committee

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The EU's relations
with Moldova

Brussels, 11 July 2012

OPINION

of the

European Economic and Social Committee

on

The EU's relations with Moldova: What role for organised civil society?

Rapporteur: **Ms Pichenot**

At its plenary session held on 13 and 14 July 2011 the European Economic and Social Committee, acting under Rule 29(2) of its Rules of Procedure, decided to draw up an own-initiative opinion on

The EU's relations with Moldova: What role for organised civil society?

The Section for External Relations, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 28 June 2012.

At its 482nd plenary session, held on 11 and 12 July 2012 (meeting of 11 July 2012), the European Economic and Social Committee adopted the following opinion by 143 votes in favour, with 9 abstentions.

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1. **Conclusions and recommendations**

1.1 Aware of the shared interest in closer relations between the European Union and the Republic of Moldova, the EESC has, in the present opinion, and following its mission in March 2012, opted to propose the following recommendations with the aim of:

- consolidating the role of civil society, in particular by setting up a Moldovan Economic, Social and Environmental Committee (MESEC),
- successfully concluding a Deep and Comprehensive Free Trade Agreement (DCFTA), and
- restoring Moldova's territorial integrity.

1.2 In its recommendations to the **Commission** and to the **European Parliament**, the Committee firstly recommends that a balanced free trade agreement be reached, ensuring that civil society organisations are involved at every stage in the process. In order to bring about a DCFTA, the work of the Commission should be coordinated with that of the EEAS. The Committee advocates:

- ensuring effective participation by Moldovan bodies through access to the **public consultation**¹ currently under way, and in planned civil society public hearings and meetings as part of the sustainability impact assessment,
- holding a **conference on the outcome** of the impact assessment with the Moldovan Parliament, the EESC and Moldovan civil society, and keeping civil society regularly briefed on the content of the negotiations,

¹ DG Trade, Consultation on Deep and Comprehensive Free Trade Areas/EU-Moldova 2012.

- focusing on identifying social and environmental impacts, on the basis in particular of the comments made in the Second Millennium Development Goals report² in order to fine-tune the **sustainable development chapter** of any future agreement,
- carrying out a study into the conditions under which **the Transnistrian economy could be reintegrated** as part of the process of opening up trade,
- stepping up the training drive for socio-occupational decision-makers and the media on the effective application of the **Community *acquis*** in the area of trade,
- taking account of **technical assistance** needs when it comes to meeting the standards of the **Community *acquis***, especially in the agri-food sector,
- putting in place sufficient **flanking measures** with a readjustment procedure so that full advantage can be drawn from real integration into the European economy, and exercising special vigilance regarding the security of external borders, bringing in the partners benefiting from this type of agreement,
- planning the establishment of a **joint monitoring committee** for the trade agreement and, with the Committee's support, helping civil society to get involved in **monitoring** a future DCFTA, using funds for building up Moldovan civil society structures,
- involving the **Moldovan social partners in the Eastern Partnership Forum**, and putting the agreement's social conditions on the agenda of the Eastern Partnership's fifth working group on "social dialogue",
- encouraging contacts with **Transnistrian civil society**, with the support of the OSCE, for involvement in policies aiming for approximation with the EU.

1.3 In its recommendations to the **Moldovan public authorities**, the Committee urges the **government and parliament** to:

- brief a wide range of civil society organisations on progress in forging closer links with the EU and **foster a public debate on this process** bringing in the social partners and various interest groups (farmers, consumers, environmentalists, women, human rights campaigners, etc.),
- press ahead with **information sharing** with socio-occupational stakeholders under the aegis of the Ministry for European Affairs, and maintain the National Participation Council's (CNP) observer role vis-à-vis the government,
- establish a **Moldovan Economic, Social and Environmental Council (MESEC)** based on existing experience within the EU or under the neighbourhood arrangements,
- involve stakeholders in implementing agreements with the EU in the **energy and research** fields,
- strengthen the social dialogue and ensure that the **Council of Europe's Social Charter** is implemented, specifically by lifting the reservations and adopting the protocol on the collective complaints procedure,
- give top priority to bringing **young people and women into the labour market**,

² United Nations, Second Millennium Development Goals Report, Republic of Moldova, 2010.

- contribute to making **anti-corruption mechanisms** more effective.

1.4 In its recommendations to **Moldovan civil society organisations**, the Committee wishes to build up its relations with Moldovan civil society within the framework of the Eastern Partnership. It submits the following proposals to Moldovan civil society and would be willing to present them at a conference in Moldova in order to flesh out the Partnership's Contact between People platform. In addition to setting up a MESEC, the EESC recommends that the social partners and civil society partners:

- forge closer links with the **major European sectoral platforms** such as the European platform against poverty or the employers' organisations of various Member States, and through observer status within the European Trade Union Confederation,
- strengthen **monitoring units** within trade unions and employers' organisations and the national commission of collective agreements on European matters,
- develop **social dialogue** in line with ILO conventions and the Council of Europe's Social Charter,
- boost **civil dialogue** in preparation for the DCFTA and for its monitoring,
- develop expertise on **ecological approaches** such as reducing greenhouse gas emissions, analysing life cycles, carbon footprints and ecosystem services.

2. **Moldovan civil society in relation to approximation with Europe and the Eastern Partnership**

2.1 Moldovan civil society is already engaging with the policy of approximation with the EU through a number of mechanisms. A 30-member consultative body, the CNP, was set up in January 2011 and works with the government, while there is also a body for consultation with parliament. The national convention for European integration, founded in November 2010, brings together a number of organisations with the aim of issuing proposals and disseminating information on the European integration process, so that a direct and open debate can be held with stakeholders. Moreover, several thematic platforms bringing together civil society organisations have emerged nationally.

2.2 Moldovan organisations are involved in various Eastern Partnership civil society forum groups: democracy, human rights, good governance and stability; general recommendations; environment, energy and climate change; contact between people. The EESC wishes to encourage the development of the fifth working group on social dialogue, also covering broader economic and social matters³.

2.3 The social partners have an essential part to play in bringing the EU and Moldova closer. The independence of trade unions, recognised in the constitution, is enshrined in the law of July

³ EESC opinion on The contribution of civil society to the Eastern Partnership, OJ 3 248 of 25.8.2011, ; EESC opinion on A new response to a changing neighbourhood, OJ C 43 of 15.2.2012..

2000 guaranteeing the freedom to establish trade unions, the right to engage in collective bargaining and the protection of trade union assets. The trade union scene has changed significantly in recent years: the two existing trade unions, the CSRSM and Solidaritate, have merged to form a single body, the National Confederation of Trade Unions of Moldova (CNSM). Having joined the International Trade Union Confederation, the CNSM is beginning to take part in international activities and meetings. It could also request observer status at the European Trade Union Confederation.

- 2.3.1 The most representative employers' body is the 32-member National Confederation of Employers of the Republic of Moldova, founded in 1996, which defines itself as non-political and independent. The national employment agency manages the Mobility Partnership between the EU and Moldova, to ensure the smooth integration of Moldova's labour market. The employers' organisations play their part in integration by implementing the project's decisions at local and regional level.
- 2.3.2 It would therefore be helpful to strengthen the social partners' information units on the DCFTA, working in cooperation with their European or Member State professional counterparts.
- 2.4 Certain categories of the population, especially in the countryside, remain in a vulnerable situation. Women are particularly hard hit by the worsening social situation: high unemployment, loss of skills, lower wages, seasonal work and scanty social benefits. Women have similar rights to men, but are more vulnerable on the labour market. Moreover, women account for only 14% of entrepreneurs in Moldova. The rural population is still overrepresented among people living below the poverty line⁴ and the proportion of rural poor rose in 2009. Children in Moldova are exposed to a range of ills: homelessness, child labour, trafficking and prostitution and their situation remains a cause for concern. The "social orphans" phenomenon, with children given away to orphanages by their families as a result of poverty, remains widespread.
- 2.5 The way the media operate has been improving for several years. The audiovisual coordinating council adopted a new method for supervising the media coverage of politics in late October 2010, with the aid of the European Union and the Council of Europe. Two new television channels also came on air in 2010 (Jurnal TV and Publika TV) together with four new radio stations (Radio Sport, Aquarelle FM, Publika FM and Prime FM). Training in European affairs for journalists should be a priority. Progress with regard to freedom of expression will enable the public and business circles to be better informed of the challenges of approximation, especially for farmers.
- 2.6 Despite undeniable progress, civil society still experiences serious organisational difficulties. Territorial inequalities persist: the non-governmental sector is active in the main urban centres

⁴ Moldova Statistics, on the Rural Poverty Portal <http://www.ruralpovertyportal.org/web/guest/country/statistics/tags/moldova>.

– Chisinau, Balti, Cahul and Ungheni – but is largely inactive across large swathes of the country. The trade unions, in contrast, have a better spread across the country. As a result of the continuing secession, cooperation remains limited between the two sides of the Dniester. In addition, NGOs are largely dependent on external donors, potentially undermining their independence and sustainability. Lastly, expertise networks – even if of high quality – are based on a pool of experts that is too small, as the list of major NGOs in the countries has scarcely grown in recent years.

3. **Civil society and a new Deep and Comprehensive Free Trade Agreement (DCFTA)**

- 3.1 The preparations for a DCFTA between the EU and Moldova touch upon goods, services and investment, but its deep and comprehensive character entails transposing and effectively applying the Community *acquis* in the area of trade. This necessitates appropriate support and major reforms. The Moldovan economy lacks competitiveness owing to a number of factors: a poor transport infrastructure (particularly roads), the small scale of the internal market, an uninnovative climate, the chronic instability of policies, difficulty in accessing finance, and corruption. Exports are no longer geared exclusively to the post-Soviet markets. The shift in external trade towards Europe is a reality: nearly half of the country's exports go in this direction. This stems from the growing share of exports from the textiles sector (from 10% in 1999 to 22.7% in 2008)⁵, owing to the low cost of skilled labour.
- 3.2 A sustainability impact assessment that started at the same time as the negotiations and is currently under way should provide information by September 2012 on the positive and negative effects of opening up trade⁶. Under the consultant's terms of reference⁷, the EESC will have to be consulted on the issues involved in these negotiations, and on the contributions to public consultation. It will also pay particular attention to the position paper to be drawn up by the Commission following the impact assessment, and will scrutinise the flanking measures carefully.
- 3.3 The agreement-related risks for the EU are clearly defined: they essentially concern health and plant health rules and investment guarantees. The improvement in the business climate needed in order to attract European investment hinges on stepping up anti-corruption measures. The 2011 corruption perceptions index put Moldova 112th in its world ranking with a score of 2.9 out of 10⁸. The bodies tackling this problem are the Centre for Combating Economic Crime and Corruption and the public prosecutor's special anti-corruption unit. Appropriate legislation is in place, but anti-corruption policy is not being properly

⁵ Florent Parmentier, *Moldova, a Major European Success for the Eastern Partnership?*, Fondation Robert Schuman, 22 November 2010, http://www.robert-schuman.eu/doc/questions_europe/qe-186-en.pdf.

⁶ EESC opinion on *Sustainability impact assessments (SIA) and EU trade policy*, OJ 2 218 of 23.7.2011.

⁷ Trade Sustainability Impact Assessment in support of negotiations of DCFTAs between the EU and respectively Georgia and the Republic of Moldova, Ecorys, 6 February 2012.

⁸ European Commission, *ENP Country Progress Report 2011 - Republic of Moldova*, Memo, Brussels, 15 May 2012.

implemented. The finger can be pointed at a lack of political will, a rather fatalistic attitude among the general public and civil society's insufficient involvement in these issues. Fighting corruption is among the main priorities of international donors (Council of Europe, EU, SIDA, World Bank, UNDP, USAID, etc.). Several NGO groupings have also addressed this issue (Centre for the Analysis and Prevention of Corruption, Transparency International Moldova, Anti-Corruption Alliance, and the Centre for Investigative Journalism). The change of political parties in government has not yet yielded tangible results in this field.

- 3.4 The DCFTA will have widespread repercussions in the social sphere. In this connection, the EESC emphasises the importance of social dialogue for the country's development. It recommends the adoption of the protocol providing a system of collective complaints under the Council of Europe's Social Charter, an upgrading of the works inspectorate and the introduction of labour courts. The Moldovan authorities are cooperating with the ILO on the issue of undeclared work with a view to attaining European standards, and are taking part in the 2012 European Year of Active Ageing and Solidarity between Generations. Furthermore, the reception of migrants returning to Moldova should be improved, and the rights of Moldovans in other countries enhanced. Labour force training and retraining are among areas that should be given priority.
- 3.5 The agricultural and agri-food sector is key in Moldova when it comes to negotiating the agreement. Moldovan farming needs to make progress in terms of certification of origin, verification of compliance with health and plant health rules, and compliance with the rules of competition if it wishes to export to the European markets and ensure that its food is safe. Standards have now been adopted, but real implementation is a lengthy and costly process, especially for animal products (in 2008, the only animal product that could be exported by Moldova was honey). Alignment with European standards generates high costs for small producers: the authorities must conduct a policy of institutional reform and support for the agri-food and wine sector. Projects financed by the European Commission's "Aid for Trade" mechanism would be valuable in raising standards.
- 3.6 Industry, long in decline, seems to be in a position to exploit its competitive price edge in proximity to the European markets, as evidenced by the rapid progress of the textiles sector. This light industry can set up anywhere in the country, especially in the disadvantaged regions of the south. The car industry has recently made inroads into the north of the country, thanks to German investors. Moldova's participation in the Danube region strategy and the modernisation of major industrial plants (especially those situated along the right bank of the Dniester) would be assets for development.
- 3.7 In order to qualify as a deep and comprehensive agreement, a free trade agreement of this kind with the EU must be built on Moldova's ability to conform with the Community *acquis*. This requirement will imply sufficient financial support. Experience with additions to the internal market has clearly pointed to the decisive role of the structural funds in ensuring social and territorial cohesion. The Committee therefore recommends that flanking measures

of equivalent value be brought together in order to reduce the risk of widening social inequalities or regional disparities. To this end, the agreement monitoring committee will focus in particular on the implementation of ENPARD, the programme for agriculture and rural development.

- 3.8 Moldova's ecological situation gives grounds for real concern regarding the future (soil, water, energy), that must be taken into account in the negotiations on the agreement. The Soviet legacy is particularly problematic here, especially regarding the management of toxic residues. The prevailing droughts over recent years show that the Moldovan economy is vulnerable to environmental and climate deterioration. Worse, more than half of the country's water tables are polluted, and these resources meet two thirds of the population's drinking water needs. Environmental policy is affected by the poverty of the resources allocated to it, despite international commitments, such as those of the EIB. There is also a pressing need to alert all economic actors, who remain largely unaware of transport and construction issues. Moldova, which has joined the European Energy Community, is also highly dependent on imported fossil fuels, and energy efficiency remains low. The EESC advocates supporting environmental organisations that are working to promote energy savings or the rational use of resources and waste management.
- 3.9 The impact assessment should look in particular at the situation in Transnistria in order to assess, in the light of the DCFTA, the possible effects on border security and the economic and social impacts. The agreement could contribute to smoothing out internal disputes and ensuring territorial integrity.

4. Proposal for the creation of an Moldovan Economic, Social and Environmental Council

- 4.1 In order to foster civil society progress towards greater dialogue and consultation, the EESC recommends that a MESEC be set up, following the example of other countries of the region. A study of the various experiences in Europe would allow Moldova to map out its own path.
- 4.2 The MESEC project comes in response to the need to give civil society a clear structure and will boost its influence and relevance. The current proliferation of ad-hoc structures offers a flexible, experimental framework, but their duration is uncertain and their functioning fragile. The fact that the social partners and associations or NGOs occupy adjacent positions means that the latter are less visible in public debate.
- 4.3 A MESEC would make a valuable contribution to seeking consensus on the choices facing society, by allowing different interests to be reflected in the development model. A way of working together, based on consultation, must be built up around the three pillars of sustainable development. This would also represent a significant step towards a viable strategy for reintegrating Transnistria.

- 4.4 A MESEC would guarantee the independent nature of analyses by keeping them apart from partisan quarrels and separate from the origins of resources, while enabling different points of view to be expressed. Questions on how to combat discrimination on the grounds of gender, origin or religion should also be addressed by such a council.
- 4.5 A Moldovan ESEC would meet the need for evaluation of public policies as the Community *acquis* is brought on board. The institution could host the committee monitoring the trade agreement in conjunction with the European Economic and Social Committee.

Brussels, 11 July 2012.

The President
of the
European Economic and Social Committee

Staffan Nilsson
