

# EUROPEAN PARLIAMENT

## EU-MOLDOVA PARLIAMENTARY COOPERATION COMMITTEE

### MINUTES OF THE 9th MEETING

25-26 October 2006

STRASBOURG

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Wednesday, 25 October 2006

The 9th Meeting of the EU-Moldova Parliamentary Cooperation Committee (PCC) opened on Wednesday, 25 October 2006 at 16h11 under the co-chairmanship of Mrs Marianne MIKKO (European Parliament) and Mr Victor STEPANIUC (Moldovan Parliament).

Mrs MIKKO welcomed the participants and referred to the discussion on the Transnistria resolution in the plenary session of the European Parliament (EP), which preceded the meeting and offered the opportunity to the Moldovan representatives to observe how the EP was dealing with the issue.

1. The draft agenda was adopted without amendments.
2. The minutes of the 8th PCC meeting were also adopted without amendments.
- 3.

In his opening statement, H.E. Mr Tapio SAARELA, Finnish Ambassador to Romania and Moldova, on behalf of the Finnish Presidency-in-Office of the Council of the European Union (EU), dwelled upon the priority of the EU's relations with Moldova and focused on two issues: the settlement of the Transnistrian conflict and the need for further domestic reforms in Moldova in line with the EU-Moldova Action Plan.

As far as the situation in Transnistria is concerned, the EU is committed to finding a viable solution to the conflict, and had been a de facto full participant in the negotiation process despite its formal observer status. Referring to the respect of the territorial integrity of Moldova, and the granting of a special status to Transnistria within Moldova as the basic settlement principle, Mr SAARELA argued that the Transnistrian conflict could be solved. The solution of the conflict should be found in cooperation with key-regional players: Russia and Ukraine. Mr SAARELA further expressed his regret on the organization of the so-called Transnistria independence referendum on 17 September 2006, which could complicate the future of the "5+2" talks, already interrupted since Spring 2006. After praising the functioning of the new registration and customs regime, and of the EU Border Assistance Mission (EUBAM), the Ambassador expressed confidence about the EU's efforts on the renewal of negotiations.

As for the reform process in Moldova, the Ambassador encouraged the Moldovan authorities not only to adopt laws, but also to properly implement them, and stressed the important overseeing role of the Parliament over the Government's actions. Despite the implementation of the EU-Moldova Action Plan, reforms in key areas such as the rule of law, fight against corruption, media freedom and human rights, were still lagging behind.

Mr Igor DODON, Moldovan Minister of Economy and Trade, dwelled upon Moldova's achievements over the last months. According to him, significant reforms had been undertaken in Moldova in order to implement the EU-Moldova Action Plan and to establish good relations with its external partners. In the field of structural reforms, Moldova focused on the creation of a favourable investment and business climate for foreign investors, and in particular on the regulatory reform. As far as economic indicators in the first 9 months of the year are concerned, despite economic shocks, the GDP registered a 5% increase in 2006, and foreign investments increased by 13%. Nevertheless, the Russian embargo on Moldovan products resulted in a 6% decrease of the industrial development rate and a 7% reduction in exports. More than 40% of the foreign direct investments in Moldova were registered from EU countries, and strategic investments had been made in 2006, particularly in the financial sector. Mr DODON also informed about the adoption of a new strategy to promote exports and attract foreign investments, which was supposed to be implemented in 2006-2008.

The priorities of the Moldovan Government for 2007 consist in implementing the ENP Action Plan, consolidating domestic stability and focusing on external trade. Moldova has taken significant steps to benefit from the EU's Autonomous Trade Preferences (ATP) and is waiting for the EU's decision on them.

Mrs Hilde HARDEMAN, on behalf of the European Commission, presented the current situation from the point of view of the European Commission. Since October 2005 important progress could be noted in EU-Moldova relations. In addition, the Commission was working at that moment on the directives for visa facilitation and readmission agreements negotiations with Moldova, as well as on a reinforced package of assistance. However, Moldova was facing many challenges and difficulties. Mrs HARDEMAN expressed concern about the Russian restrictions on Moldovan exports and their negative impact on Moldova's economic growth, as well as about Russia's increasing open support to the Transnistrian regime. The settlement of other challenges was still in Moldova's own hands. Mrs HARDEMAN particularly stressed the importance of consistent implementation of adopted laws in line with Moldova's international commitments, which had substantial impact on Moldovan nationals, including those from Transnistria, and on attracting foreign investments. Highly appreciating the laws adopted in July 2006 on the organization of the judiciary and freedom of the media, she strongly encouraged the Moldovan Parliament to pursue on this path and to ensure the due implementation of these laws.

4.

On the follow-up of the recommendations of the Parliamentary Cooperation Committee of 7 October 2005, Mrs MIKKO underlined the commitment of both sides to implement the provisions of the EU-Moldova Action Plan.

As far as the economic situation in Moldova is concerned, a new element consists of the introduction of the Russian ban on Moldovan products and the increase of gas price, which had very serious consequences on the Moldovan economy. Mrs MIKKO informed in this sense on her fruitful meeting with Commissioner FERRERO-WALDNER in order to discuss the issue and the granting of the ATP regime. On social issues, she urged the Moldovan authorities to continue the fight against corruption and trafficking in human beings, as well as to improve the healthcare system and tackle poverty. In the field of the rule of law, she mentioned the essential role of an independent judiciary and a competent public administration. She expressed confidence that the new Moldovan Minister of Justice would carry out all necessary reforms. On freedom of the media, she welcomed the adoption of the new Audiovisual Code, but also stressed the need for its proper implementation and expressed her will to hear more information on the arrest of Mr BRAGHIS, Pro-TV sales manager, on accusations of bribery.

Mrs MIKKO finally dwelled upon the situation in Transnistria, mentioning the visit of the Bureau of the EU-Moldova PCC this Summer to Moldova and their meeting with Mr SHEVCHUK, head of the so-called Transnistrian Parliament. The main conclusion consisted in the need for a dialogue between the two sides, but the question of its initiator remained open and needed further discussion. She also appreciated the "5+2" negotiations formula and agreed on the very successful functioning of the EUBAM.

5.

Mr DODON, on behalf of the Moldovan Government, tackled the issue of the state of play of the European Neighbourhood Policy Action Plan. Mentioning that 2006 was the last but one year for the implementation of the plan, he dwelled upon the success achieved in Moldova's relations with international financial institutions, as well as in the macro-economic stability and the reduction of poverty. The signing of the agreement with the International Monetary

Fund (IMF), and the conclusion of agreements on Moldova's debt restructuring, were a major success in this sense.

As for the improvement of the investment climate in Moldova, a number of bills aimed at the facilitation of the investment conditions had been adopted, and initiatives were launched in view of attracting investments in Public - Private Partnerships. An important measure was the regulatory reform, under which 50% of the Moldovan business-sensitive acts have already been re-examined. Expressing himself in favour of promoting small and medium-sized enterprises (SMEs), the Minister informed on the adoption of a new law in line with the European standards, of a new classification of companies and a strategy for SMEs for 2006-2009. He also thanked the EU for support in launching a TACIS project on SMEs. On the promotion of trade, the Minister particularly stressed the need for quality certification systems for Moldovan exported products. He enumerated three essential requirements in this sense: the transfer of the certification powers from the Chamber of Commerce and Industry to the Customs Service, which was operated in March 2006; the need to guarantee exports from Transnistria in conformity with Chisinau requirements; and the necessity of free trade with the EU after Romania's and Bulgaria's accession to the EU and of the possible 15%-reduction in Moldovan exports.

As for the implementation of the Moldovan legislation and its harmonization as important aspects in the Action Plan, Mr DODON informed on the creation of a mechanism of harmonization of all bills with the "acquis communautaire". The Minister further referred to the Economic Growth and Poverty Reduction Paper and to the remaining funding difficulties in its implementation.

Mr STEPANIUC added that the Action Plan represented a fundamental basis for the work of the Moldovan Parliament. 16 out of 18 priorities established in 2006 on the basis of the Action Plan, had been already completed. A few shortcomings still remain, in particular in the fields of privatization of the audiovisual sector, the reform of justice and of the Electoral Law, the fight against corruption. Progress on these issues was reported to the European Commission. He further referred to the extent to which the harmonization of the Moldovan legislation ran counter to Russia's geopolitical interests and to the repercussions of Moldova's dependence on Russia. He expressed hope that the arising problems in this sense would be solved with the help of the EU, particularly as far as the loss of access to Eastern markets and its social challenges were concerned.

Mr Alfred GOMOLKA referred to the progress made in a relatively short period of time. In his view, it would be very helpful to take a look at the strategic goal of the EU of ensuring stability in its neighbouring countries and in the Black Sea Community. He further wondered about the ways to foster cross-border cooperation and the importance that the Moldovan side attached to it, on the gap between planning and reality in the implementation of the Action Plan, on the trends and precise magnitude of foreign direct investments in Moldova, and finally on the ways of calculating the Moldovan GDP.

Having agreed with Mr GOMOLKA on the fruitful cooperation with the representatives of Moldova, Mr Horst SCHNELLHARDT dwelled upon the issue of visa applications, and asked the Moldovan side to inform on the situation of Moldovan citizens and citizenships and on the measures taken by the Government in the field. As far as the current programmes in cooperation with the EU are concerned, the situation in Moldova has improved. Referring to the Transnistria internal conflict, Mr SCHNELLHARDT mentioned that Moldova had strong support in the EU in favour of its integrity. He then brought up the issue of the development of rural areas and of environment protection in Moldova, on food safety and sanitary protection in Moldovan exports, on the capacity of the Moldovan authorities to transpose EU rules in these fields, as well as on the future cultural and academic cooperation between the

EU and Moldova. He finally argued that, with Moldova as an important partner within the Danube - Black Sea Task Force, energy supply and its security should represent a priority of the EU-Moldova cooperation.

Mr Vladimir FILAT, member of the Moldovan Parliament, did not share the optimism of his colleagues on the implementation of the Action Plan, which, in his opinion, lacked assessment and follow-up tools for the Plan and the adopted norms.

Mr Giorgio CAROLLO made a suggestion on ensuring a competitive Moldovan agriculture through the preparation of a package of assistance measures, which would include provisions on environmental impact, university research and the development of rural areas.

Mr Serafim URECHEAN tackled the issue of the EU visa regime for Moldovan citizens. Stressing that he did not share the optimistic position of the Moldovan Government on economic progress in Moldova, he agreed that the visa regime represented a problem for Moldovan nationals that would worsen once Romania joins the EU. The European initiative to create a Common Visa Application Centre in Moldova and its opening on the 1st January 2007 at the latest was therefore very welcome. It was thus very important that negotiations between Moldovan and the EU Member States start. The context was also complicated by the passport problem and the applications made by the Moldovan nationals for Romanian, Bulgarian and Russian citizenships.

Mrs Laima ANDRIKIENE underlined the importance of visa facilitation as a key priority. Mentioning the lack of a visa agreement between the EU and Moldova, the difficulties encountered by Moldovan nationals in obtaining visas for EU Member States and the impact of Romania's accession to the EU, Moldova's decision to remove visas for EU nationals, the initiative on the Common Visa Application Centre and the decision of the Council on Justice and Home Affairs of 5 October 2006 to start visa negotiations with Moldova, she insisted on the importance of finally opening the negotiations on visa facilitation and readmission agreement.

Mr Henrik LAX particularly emphasized that if the EU wanted to promote stability and economic development in Moldova, this would require more interaction between the EU and Moldova. Despite the fact that the EU Visa Code Reform aimed at the promotion of cross-border interaction and fight against illegal immigration, it was an illusion for the EU to consider the visa regime as an efficient instrument in the fight against crime and illegal immigration. On the other hand, Mr LAX also urged the Moldovan authorities to continue working in order to ensure an efficient control on borders and travel documents, as well as to sign the readmission agreement. He finally expressed his disappointment on the low level of ambition within the visa facilitation agreement signed between the EU and Russia, and expressed hope that it would not serve of precedent for other countries.

The subject of the TACIS programme and Moldova's absorption capacity was introduced by Mr DODON. Underlining the importance of the programme for Moldova, he particularly stressed the fact that no difficulties related to the absorption capacity were encountered by the Moldovan Government. Explaining that the TACIS programme for Moldova was managed by the Kiev team of the European Commission, the Minister appreciated the good cooperation with it, but also mentioned the considerable delays in the implementation and management of the TACIS projects in Moldova because of this logistical problem. The Moldovan Government had therefore put forward a proposal to transfer the management of the programme from Kiev to Chisinau.

Mr SCHNELHARDT argued in favour of considering better options for the functioning of the TACIS programme. He specifically mentioned such issues as the opening of a second

office in Chisinau, the monitoring of the use of TACIS money, the insertion of references to the reform of the agricultural system, of the environment policy and the promotion of the food-processing sector.

Mrs HARDEMAN concluded the discussion on this item on the agenda by presenting the European Commission's view on the current EU-Moldova relations. In her opinion, the political will of the Moldovan authorities to undertake actions in line with the provisions of the EU-Moldova Action Plan was present. Nevertheless, the implementation of the plan and of the new laws adopted had to be strengthened. The EU assistance to Moldova was also linked to this issue. While much had already been achieved through the TACIS programme and the Food Security Programme, the future perspectives would bring a very significant increase in funds for Moldova under the European Neighbourhood and Partnership Instrument, and the budgetary support of the European Commission linked to conditionality. On the issue of the assistance management, Mrs HARDEMAN assured its transfer to Chisinau as soon as the necessary personnel were recruited in the new Delegation of the European Commission to Moldova, opened in 2005. She finally agreed that visa facilitation was a key element in EU-Moldova relations, and reassured Mr LAX that the EU-Russia visa facilitation agreement was not necessarily considered a precedent. However, such agreements represented a complex balancing act that had to take into account the national position of the EU Member States.

6.

The discussion on the political situation in Moldova started by the examination of the human rights record in the country, introduced by Mr LAX. In his opinion, Moldova is a high priority for the EU not only because of becoming an immediate neighbour, but also because of its adherence to the same group of countries as Ukraine, that could become examples of post-soviet States known for their commitment to democratic reform. Mentioning the importance of human rights and of the fight against corruption for economic and social progress, Mr LAX finally stressed the role of ethnic, cultural and linguistic diversity in building a harmonious society.

Mr STEPANIUC referred to the political declarations of the present Moldovan Parliament that placed the consolidation of democracy and the rule of law among the main national priorities. Also included in the ENP Action Plan, the problems have been tackled by the Government and the opposition over the past few years. Corruption has not yet been eliminated, though the problem is seriously addressed. The present authorities are also investigating the cases of people who were previously in the Government and, in the opinion of Mr STEPANIUC, "committed infringements" in their posts. These persons still claim that they are politically persecuted. The Moldovan Co-Chairman finally dwelled upon the very good situation in the field of national minorities' rights and cultural diversity, referring to Moldova as an international example for its legislation in this field and for its experience in the peaceful granting of autonomy to the Gagaouz region.

Mrs Stella GHERMAN argued that the political situation in Moldova was stable and was described by the joint work of the Government and the opposition towards the shared goal of European integration.

Mr URECHEAN described the political situation in Moldova as very complex. He expressed his doubts about the proper implementation of the ENP Action Plan. He believed that many reforms had a declaratory nature in order to "please the EU". He particularly mentioned the shortcomings in the reform of the legal system (political persecution of the opposition), as well as in the new Audiovisual Code, which, according to him, would not lead to any changes.

Considering the political situation in Moldova as stable, Mr WIERSMA appreciated the European trend of developments in the country and advised the Moldovan side to remain in the same group of countries with Ukraine and Georgia. While recognizing that the fight against corruption was a difficult process, he underlined its key importance, as well as the one of political stability in order to deal with the Transnistrian issue.

For Mr Robert EVANS, the Moldovan authorities had achieved considerable progress over the years, and the case of Romania should be considered as an inspiring example for further reform. He also raised several questions on the assessment of the present political alliance in Moldova under the second presidential term of Mr VORONIN, on the efficiency of the local government and on the participation of the wider public in the political and social life of the country.

The subject of the fight against corruption and organized crime and of the judicial system in Moldova was introduced by Mr FILAT. On the fight against corruption, he concentrated on two aspects: the adjustment of the legislative framework which followed the “right direction”, on the one hand, and its insufficient implementation underlined by international organizations, on the other hand. Explaining the selective way of implementation of the Strategy to fight corruption, and the political engagement of the Centre for combating organized crime, Mr FILAT concluded that Moldova was not in a position to fight alone against this phenomenon and needed EU's help. The same problem of implementation existed in the reform of the judicial system: despite the adoption of a new legislative package in 2005, its impact was not felt in the society. Therefore, the creation of a follow-up mechanism on the final impact of legislative changes was very important.

Mr Tadeusz ZWIEFKA welcomed the steps undertaken by the Moldovan authorities in the reform of the judicial system, in particular the creation of the National Institute of Justice, the abolition of death penalty, the reform of the judiciary and the introduction of a constitutional provision obliging the President to justify his possible refusal to appoint a judge. On the other hand, important problems existed in the implementation of the new legal framework: the slow pace of judicial executions, the work of the Prosecutor, the temptation to exert political pressure on the judiciary, the use of the fight against corruption as part of the political fight, the structure of the judiciary and the independence of barristers. Mr ZWIEFKA finally welcomed the harmonization of laws in Moldova, but also stressed the importance of a well-functioning legal system.

Mrs MIKKO closed the first session of the meeting at 19h00.

Thursday, 26 October 2006

The meeting was reopened by Mrs MIKKO at 09h15.

7.

Mr DODON made an overview on the present economic situation in Moldova, starting by the analysis of the GDP and of the inflation. He informed on the 45%-growth of the GDP since 2001, but also on its 5%-growth in 2006 against the expected 8.6% because of the double increase in the gas prices and of the restrictions on exports of Moldovan products. Replying to Mr GOMOLKA's question raised the day before on the calculation of Moldovan GDP, the Minister assured him that the establishment of a panel of companies and the extrapolation of its results was not used as a method in Moldova. Approved by the International Monetary Fund, the method of GDP calculation in Moldova took into consideration the utilities and the resources. As for inflation, it had decreased over the past three years, but it was expected at the rate of 12% in 2006 and 10% in 2007 due to the two external shocks mentioned above.

As regards the interdependence between exports and investments in Moldova, Mr DODON informed on the Government's will to obtain additional trade preferences. Moldova registered a reduction of 7% in its exports and an increase of 14% in its imports during the first half of 2006. After the description of the exports trends, the Minister highlighted Moldova's dependence on energy resources and technologies, which constituted 65% of its imports. Mr DODON concluded his presentation with the analysis of the situation in the investment sector in Moldova. According to him, Moldova reached the record of foreign direct investments in 2005 of 290 million dollars. In reply to the question raised the day before on the sectors attracting foreign investments, Mr DODON particularly referred to the development of the financial and banking system, the new IT and textile sectors, as well as to the increasing transfer of production centres from the EU to Moldova.

In the opinion of Mr Zbigniew PODKANSKY, the economic situation in Moldova was the result of the geopolitical "rivalry" between the EU and Russia. With the European orientation of the Moldovan Government, problems had emerged with the restrictions imposed by Russia and their negative impact on Moldovan economy. Among other serious problems in the country, Mr PODKANSKY mentioned the negative trade balance, the practice of illegal work and emigration. He argued that EU's assistance to Moldova was not sufficient, while Moldova needed first of all long-term solutions to restructure its economy. With the accession of Romania and Bulgaria to the EU, the situation would become even more complex. He finally called on the Moldovan side to have a cautious approach on the growth of foreign capital in the banking sector.

Mr Janusz ONYSZKIEWICZ asked the Moldovan side two questions: on the level of the equity market in Moldova and the use of stock exchange as an instrument of economic development, as well as on the role of the GUAM in the economic cooperation and in the creation of a "common front" of its members towards both the EU and Russia.

Mr URECHEAN did not share the optimistic conclusions of the Moldovan Minister of Economy and considered the economic situation in Moldova as very difficult. He explained his position through several arguments: the economic growth largely due to the money sent back home by the Moldovans working illegally abroad, the impact of the Russian restrictions on Moldovan products and the limited exports to Ukraine and Belarus, the increasing price of gas, and the resulting drop in the standard of living. Thus, Moldova needed more certainty on the future membership of the EU; otherwise it risked encountering serious long-term difficulties. While 1 million Moldovans already work outside the country, only 700.000 – 800.000 of the remaining residents constitute the active part of the population. Mr URECHEAN finally stressed the visa situation, which, in his opinion, would become unbearable from 1 January 2007 if immediate steps on facilitation were not taken. He believed that much depended on the work of the PCC, and in particular on the EP's position.

Replying to the remarks of Mr URECHEAN, Mr DODON agreed with the considerable dependence of the Moldovan economic growth on consumption, but also underlined the efforts of the Government to fuel the consumption from imports and local production. On the issue of the equity market and stock exchange in Moldova raised by Mr ONYSZKIEWICZ, the Minister agreed that the sector had not reached the desired level of development. In order to improve the situation, the Ministry of Finance launched a series of measures to be implemented from 1 January 2007. Moreover, the creation of common transactions platforms on stock exchange and mutual encouraging of investments with Romania and Poland were also envisaged. On GUAM, the Moldovan Government indeed counted on this organization as an instrument of economic cooperation as well. While initiatives had been launched on the reduction of the energy dependence on Russia, Mr DODON regretted however the lack of a firm Ukrainian position on GUAM.



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Mr STEPANIUC took over the chairmanship of the Committee and expressed the willingness to briefly dwell upon the political situation in Moldova that he considered as stable. Despite disagreements among some parties and “attempts to destabilize the society”, examples of political stability and of unifying political elements were: the adoption in 2005 of the declaration of the ruling party and other two political parties on the priorities of Moldova’s development, the settlement of the Transnistrian issue and the adoption of a law on the status of Transnistria, the future elections of the so-called “Bashkan” in Gagaouzia, the democratization of the Electoral Code, the adoption in 2005 of the Parliament’s decision on the participation of the civil society in the law-making process, the amendments on the independence of the judiciary.

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Mr FILAT also made several comments on the economic situation in Moldova. He argued that the Russian embargo on Moldovan wines and agricultural products, as well as the situation of increasing gas prices actually revealed the main problem of the Moldovan economy: the lack of competitive products and the need to develop free competition. In this sense, he drew attention to Moldova’s need in external help for developing a competitive economy.

8.

Mr FILAT presented his view on the social situation in Moldova that he qualified as painful. In his opinion, the Moldovan authorities were prepared to solve the social problems from the legislative point of view. Moldova’s Strategy to eliminate poverty was an important step in this sense, but it encountered several problems in project-financing and management capacities. Another serious problem consisted in emigration and its impact. While the figure on the scale of migration varied, Mr FILAT wondered about the status of Moldovan emigrants, on the level of their social and legal protection. A serious consequence of this phenomenon resulted in a high number of children left alone in Moldova.

Presenting the recent statistics on the social situation in Moldova, Mr MASTALKA appreciated the measures provided by the Moldovan Strategy for economic development and the fight to reduce poverty. Among the ways in which the EU could help Moldova in this field, he enumerated the support for the system of asymmetric market, for the integral agreement on the safety of investment and against the double tax system, and on the visa issue.

Mrs GHERMAN dwelled upon the measures undertaken to support young professionals’ work in rural areas in the fields of education and healthcare, as well as upon the progress achieved in the implementation of a State programme on equipping all schools with computers, and the gradual increase of public expenditures on education (from 7.3% of the GDP in 2005 to 7.81% in 2006 and 8.41% in 2007).

Mrs Valentina SERPUL agreed with Mr STEPANIUC that Moldova’s main achievement in 2006 consisted in political stability, which offered the opportunity to focus on the major problems of the country. However, Moldova was at present at the level of newly adopted legislation and the main challenge resided in its implementation. Mrs SERPUL described the social situation in Moldova as alarming and provided the statistics in the field. Concluding that the standard of living in Moldova was very low, she refrained from speaking about economic and social performance until the impact of the new legislation and measures became visible for ordinary people.

Mr STEPANIUC admitted that the social situation in Moldova was not the best one, but also argued that the evolution was positive and confirmed by the International Monetary Fund. According to him, the State budget had increased four times over the past five years, as well as did the support to the social sphere. Though the economic growth in 2006 did not reach the expected rate, this would only result in a lower rate of increase in public expenditures.

9.

Mr Boguslaw SONIK introduced the issue of the situation in Transnistria. Giving an overview of the present situation in the region, he concluded on the discrepancy between Russia's international commitments and its actions as far as the withdrawal of troops was concerned, as well as on the lack of respect for its partners, including for the EU. He finally assured the Moldovan side of the EP's support on the issue, but also believed that other European institutions had to take a more active and firm position as well.

Mrs MIKKO first of all referred to the EP resolution on Transnistria to be adopted as a strong message to Mr SMIRNOV and Mr PUTIN. She further focused her presentation on the activity of the EUBAM, considering it the first EU's determined step on the issue and a "success story". As a consequence of EUBAM's successful measures against the "black economy" in Transnistria, the EU contributed to the restoration of Moldova's territorial integrity. Mrs MIKKO also underlined the personal success of General BANFI and the contribution of the EU new members to the settlement of the situation. She expressed satisfaction about the determined involvement of Ukraine in the field, and informed on the consolidation of the EUBAM mission in 2006 and 2007.

Mr FILAT drew attention to the visa policy risks in the context of the signed visa facilitation agreements with Russia and Ukraine. In his opinion, with the majority of the people in Transnistria holding Russian, Ukrainian and Romanian passports, these people would enjoy access to free movement within the EU, whereas the other Moldovan citizens would not. On Ukraine's position on Transnistria, Mr FILAT reminded about the recent railway dispute and the decision of Ukraine obliging Moldova to resume trains transport through Transnistria. He asked the EU to raise this question during the EU-Ukraine Summit in Helsinki.

Mr ONYSZKIEWICZ raised questions on further steps that Ukraine should take for the control on the border with the Transnistrian region, as well as on the ways in which the EU could prevent the massive granting of Russian passports to the people of Transnistria and on the assessment of the referendum on Transnistria's independence. In reply to these questions, Mrs MIKKO believed that the three main European institutions had to be very determined in sending a message to Ukraine on its necessary serious involvement in EUBAM activity if this country had European aspirations. As for the second question on Russian passports, she suggested to raise this question during the EU-Russia Summit, especially that the EP resolution on Transnistria would be an important tool in this matter.

10.

Mr STEPANIUC made a presentation of Moldova's relations with its closest neighbours. He focused on the impact of the Transnistrian conflict on Moldova's difficult relations with Russia, where political forces supported the separatist regime. Though a Political Treaty was signed between Moldova and Russia in 2001, relations remained complex because of Russia's geopolitical interests in the region and its disapproval of Moldova's European aspirations. Relations with Ukraine have always been stable, despite the fact that some political forces in Ukraine also indirectly supported the separatism in Transnistria. As far as the relations with Romania were concerned, they had varied, but had considerably improved during the presidential term of Mr BASESCU. Mr STEPANIUC further drew particular attention to the risk of economic isolation of Moldova because of Russia's economic blockade and

Romania's accession to the EU. The Moldovan Co-Chairman finally underlined that Moldova's aspirations to join the EU did not presuppose accession to NATO.

11.

The final statement and recommendations of the PCC pursuant to Article 89 of the Partnership and Cooperation Agreement were adopted unanimously as revised after the adoption of the last amendments.

12. There was no other business.

13. The next PCC meeting will take place in Chisinau, on the 1-2 October 2007.

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Mrs MIKKO invited the Moldovan side to observe the voting of the EP resolution on Transnistria, and expressed satisfaction with the constructive character of the meeting. Mr STEPANIUC thanked everybody for the constructive and concrete discussion, and expressed satisfaction with the participation of the Moldovan opposition in the debate.

The meeting ended on Thursday 26 October 2006, at 11h15.

**DELTAGERLISTE/ANWESENHEITSLISTE/ΚΑΤΑΣΤΑΣΗ ΠΑΡΟΝΤΩΝ/RECORD  
OF ATTENDANCE/LISTA DE ASISTENCIA/LISTE DE PRESENCE/ELENCO DEI  
PRESENTI/PRESENTIELIJST/LISTA DE PRESENÇAS/LÄSNÄOLOLISTA/DELTAGARLISTA**

Til stede	Formandskabet/Vorstand/Προεδρείο/Bureau/Ufficio di Presidenza/Mesa/Puhemiehistö/J.L. Presidium: (*) MIKKO (PR), PODKANSKI (1st VP), KACIN (2nd VP, 1)
Anwesend	Medlemmer/Mitglieder/Μέλη/Members/Diputados/Députés/Deputati/Leden/Deputados/jäsenet/ ANDRKIENE (1), CAROLLO, GOMOLKA, MASTALKA (1), SONIK (3), WIERSMA (1)
Παρόντες	
Present	Stedfortrædere/Stellvertreter/Αναπληρωτές/Substitutes/Suplentes/Suppléants/ Membri supplenti/Plaatsvervangers/Membros suplentes/Varajäsenet/Suppleanter:
Presentes	EVANS, GEREMEK (1), LAX, SCHNELHARDT (1), ZWIEFKA
Présents	
Presenti	
Aanwezig	
Läsna	
Närvarande	
Art. 147,7 /Art. 178.2	
Art. 166,3/ Art. 183.3	
Art. 162.6 Endv. Deltog/Weitere Teiln./ Συμμετείχαν επίσης/Also present Participaron igualmente/ Participaient également/ Hanno partecipato altresì / Andere deelnemers/ Outros participantes/ Muut osallistujat/ Dessutom deltog	ONYSZKIEWICZ
(Dagsorden/Tagesordnung Pkt/Ημερήσια Διάταξη Σημεί/Point OJ/Punto OG/Agenda Punt/Ordem do dia- punto/punto orden del dia/ Esityslista Kohta/Föredragningslista punkt):	

\* (P) =Formand/Vorsitzender/Πρόεδρος/Chairman/Président/Presidente/Voorzitter/Presidente/Puhemies/Ordförande  
(VP) =Næstform./Stellv. Vorsitz./Αντιπρόεδρος/Vice-Chairman/Vice-Président/Vicepresidente/Varapuhemies  
Ondervoorz./Vice-Pres./Vicepres/Vice ordförande.

Til stede den/Anwesend am/Παρόν στις/Present on/Présent le/Presente il/Aanwezig op/Presente em/Presente el/Läsna/Närvarande den.

- (1) 25.10.2006  
(2)  
(3) 26.10.2006

<p>Efter indbydelse fra formanden/Auf Einladung d. Vorsitzenden/Με πρόσκληση του Προέδρου/At the invitation of the Chairman/Por invitación del presidente/Sur l'invitation du président/Su invito del presidente/Op uitnodiging van de voorzitter/A convite do presidente/Puhemiehen kutsusta/På ordförandens inbjudan:</p> <p>Radet/Rat/Συμβούλιο/Council/Consejo/Conseil/Consiglio/Raad/Conselho/Neuvosto/Rådet: (*) SAARELA, YOLDI</p> <p>Kommissionen/Kommission/Επιτροπή/Commission/Comisión/Commissione/Commissie/Comissão/Komissio/ Kommissionen: (*) HARDEMAN, HACK</p> <p><u>Missions/Ambassades:</u> NEGUTA, BALITCHI</p>		
<p>Andre deltagere/Andere Teilnehmer Επίσης Παρόντες/Also present Otros participantes/Autres participants/Altri partecipanti Andere aanwezigen/Outros participantes Muut osallistajat/Övriga deltagare</p>		<p>OSTROVSKIS (NP, Latvia), PIEHL (EC), TEOPHILOVA-PERMAUL (CoE)  Press: GEROPOULOS (New Europe News)</p>
<p>Gruppernes sekretariat Sekretariat der Fraktionen Γραμματεία των Πολ. Ομάδων Secretariat political groups Secr. de los grupos políticos Secr. groupes politiques Segr. dei gruppi politici Secr. van de fracties Secr. dos grupos políticos Puolueryhmien sihteeristö Gruppernas sekretariat</p>	<p>PPE-DE PSE ALDE Verts/ALE GUE/NGL IDM/DE MUEN NI</p>	<p>APOSTOL, NEGREA LIGER, MYLONAS, VON BETHLENFALY PUOHLA BERGAMASCHI  DYCHA</p>
<p>Cab. du Président</p>		
<p>Cab. du Secrétaire Général</p>		
<p>Generaldirektorat Generaldirektion Γενική Διεύθυνση Directorate-General Dirección general Direction générale Direzione generale Directoraat-generaal Direcção general Contrôle financier Service juridique Pääosasto Generaldirektorat</p>	<p>I II III IV V VI VII VIII</p>	<p>EXPO: STOKELJ, EPHTYMIU</p>
<p>Udvalgssekretariatet Ausschubsekretariat Γραμματεία επιτροπής Committee secretariat Secretaria de la comisión Secrétariat de la commission Segretariato della commissione Commissiesecretariaat Secretaria de comissão Valiokunnan sihteeristö Utskottssekretariatet</p>		<p>POPESCU-BLACK, SCHMUTTERER, TABIRTA</p>
<p>Assist./Βοηθός</p>		

- \* (P) =Formand/Pres./Πρόεδρος/Chairman/Président/Voorzitter/Puhemies/Ordförande  
(VP) =Næstform./Vize-Pres./Αντιπρόεδρος/Vice-Chairman/Vice-Président/Ondervoorz./Vice-pres/Varapuhemies/Vice ordförande.  
(M) =Medlem./Mitglied/Μέλος/Member/Miembro/Membre/Membro/Lid/Membro/Jäsen/Ledamot  
(F) =Tjenestemand/Beamter/Υπάλληλος/Official/Funcionario/Fonctionnaire/Funzionario/Ambtenaar/  
Funcionário/Virkamies/Tjänsteman