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EDITORIAL

Difficulties in launching negotiations on DCFTA between Chisinau and Tiraspol



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The signing of the Association Agreement (AA) between the European Union and the Republic of Moldova raises pressingly the issue of its application, including the establishment of the Deep and Comprehensive Free Trade Area (DCFTA) in the Transnistrian region (Transnistria). Application principles are stipulated in article 462 of the Association Agreement – Territorial Application – which establishes that application of the Agreement in relation to those areas of the Republic of Moldova “over which the Government of the Republic of Moldova does not exercise effective control, shall commence once the Republic of Moldova ensures the full implementation and enforcement of this Agreement, or of Title V (Trade and Trade-related Matters) thereof, respectively, on its entire territory.” At the same time, the Transnistrian region may benefit from the Autonomous Trade Preferences until 31 December 2015, which will be withdrawn for the entire Republic of Moldova upon entry into force of the AA. As a result, Chisinau and Tiraspol have one and a half year for the negotiations on DCFTA application in the Transnistrian region.

In this context, the provision on the “full application” of the AA seems very important. The Agreement does not stipulate what full application means but we can conclude on the basis of its content that it shall include both the establishment of a free Trade Area and also the part related to the notion of Deep and Comprehensive (FTA+DC). This means that it is not sufficient for the Transnistrian part to cancel customs duties, change the tax system (by the introduction of VAT which currently lacks in the region) and to allow Moldovan inspections to check the origin and quality of goods produced

in Transnistria, mechanisms specific for a mere free trade area. Thus, it implies, in addition, changing the entire legal system regulating sanitary and phytosanitary standards, intellectual property, protection of competition, etc. This last part provokes the strongest reservations among the Tiraspol administration representatives that do not see any need to adjust their legislation to the Moldovan legislation (in this case the European legislation) which, in their opinion, belongs to another state.

The latest negotiations between Chisinau, Tiraspol and Brussels indicate the likelihood of derogation from the principles of “full application” for Transnistria. As one representative of the Delegation of the European Union to Moldova has put it „Dialogue margin swings between the maximum solution providing for the „all or nothing” approach for Tiraspol or the minimum solution requiring from Tiraspol, in the first phase, only to cancel customs duties, introduce VAT and allow inspections from Chisinau”. The DCFTA implementation in several phases in the Transnistrian region will require the launch of a complex negotiation process in a trilateral format.

In this context, the starting positions of Chisinau, Tiraspol and Brussels on this issue are relevant. In principle, Chisinau could find acceptable a gradual implementation of DCFTA in Transnistria, although this thing would weaken its political pressure on Tiraspol, in order to harmonize the legal framework on the two banks of the Dniester. At the same time, Chisinau sees no need to rush in starting negotiations because it believes that namely Tiraspol is currently in a very difficult situation (the crisis in Ukraine, difficult economic

cooperation with Russia, the predominance of Transnistrian trade flows with Moldova and the EU - 70 %) and it will have to take the first step.

Tiraspol, in turn, is aware of the political connotation of DCFTA implementation in Transnistria and is in no hurry to commence negotiations. The Tiraspol leaders overtly declare that they seek the de jure separation from the Republic of Moldova and, therefore, are willing to negotiate directly with the European Union, without Chisinau "intermediation". Thus, the ideal option in Tiraspol strategies (and very likely the Moscow strategies) is signing a separate Trade Agreement with the EU by excluding

Chisinau from negotiations. At the same time, given the realities and intransigent position of the European Union and the Republic of Moldova, Tiraspol might accept trilateral talks, with the presence of Chisinau at the negotiating table.

Brussels believes, for the time being, that negotiations must take place in a bilateral format, involving only Chisinau and Tiraspol. Nevertheless, it is becoming obvious that without the engagement of European officials, the launch of negotiations could drag on indefinitely. For this reason, the most suitable negotiating formula could be a "2+1" format involving Chisinau and Tiraspol plus Brussels. 🌐

EDITORIAL

Solving the Gagauz issue or the end of disagreements phase between Chisinau and Comrat



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On July 18, 2014, the Republic of Moldova Parliament adopted, in first reading, a bill, which amended and supplemented several laws relevant to the Gagauz autonomy. This legislative initiative was developed following the meetings of the working group for addressing issues related to execution of constitutional provisions on the status of Gagauz autonomy. The establishment of this working group, made up of representatives of the People's Assembly of Gagauzia (APG) and the Parliament, was a response of central authorities to the organization of "referendums" on 2 February 2014. This working group had also to respond to demands by the Comrat leaders to „adjust the national legislation to the law on the special status of Autonomous Territorial Unit of Gagauzia so that to ensure proper functioning of the autonomy”.

Under the bill, about 20 laws will be amended, among which, in particular, the initiatives assigning to Gagauzia a special status of administrative-territorial unit, appointment and dismissal of the commander of carabinieri subunit of Gagauzia at the bashkan proposal and the control of legality and operation of the People's Assembly of Gagauzia, the Governor and the Executive Committee of the Gagauz autonomy by the Government.

It should be noted that under the new amendments and changes, politicians in the autonomous region claim that this legislative initiative does not solve the problems related to the Autonomous Territorial Unit of Gagauzia functioning. In other words, opinions are rather different in terms of the

efficiency of these initiatives for settling disagreements between Chisinau and Comrat. The viewpoints were very different within the Republic of Moldova Parliament as well, including among the members of the ruling Coalition. If the PDM members of parliament Dumitru Diacov and Alexandr Stoianoglo believed that this initiative is a “positive precedent and a platform for discussion”, then the PL deputies, Mihai Ghimpu and Valeriu Munteanu along with the liberal-democrats (PLR), Iulian Arhire and Valeriu Saharneanu stated that these initiatives prepare the ground for the country's federalization. At the same time, PL and PLR representatives maintain that by such approaches we “are creating a state within a state”. Communist MPs have also criticized this legislative proposal but from another perspective. According to Oleg Garizan and Eduard Mușuc this initiative is a “PDM propaganda seeking to polish its image that was tarnished in Gagauz autonomy” and that “this document is being hastily discussed without a proper agreement of stakeholders in the Gagauz autonomy and failed to take into account the four legislative initiatives of the Autonomous Territorial Unit of Gagauzia”.

The Autonomous Territorial Unit of Gagauzia members of parliament have different views on this document as well. For some representatives of the People's Assembly of Gagauzia (APG), Ivan Burgudji and Serghei Cimpoeis, severely criticized for their radical attitudes and rhetoric of confrontation, this initiative has “a destructive character and curtails the power of governing bodies of the Gagauz

autonomy”. Obviously, there are APG representatives, for instance Gheorghii Leiciu, who, in spite of being displeased with the outcome of this initiative, believe that this legislative proposal is an important step for establishing a dialogue aiming at solving disagreements between Chisinau and Comrat.

Basically, all criticisms by APG representatives of this project are as follows: it does not grant a special status to the organic law on the special status of autonomous region; does not provide for the establishment of local laws into the category of legislative acts and, respectively, the place of local legislation within the hierarchy of normative acts in the Republic of Moldova. At the same time, the APG deputies have submitted several initiatives to the Parliament of the Republic of Moldova requesting that the police and prosecutors of Gagauzia be subordinated and controlled directly by the authorities in the region, the establishment of a Tribunal of the autonomous region Regulation and the assignment of 5 seats in the Parliament of the Republic of Moldova to the autonomous region. If Dumitru Diacov considered that these initiatives were rather “complicated”, which have to be carefully considered and

thought over, then Alexandr Stoianoglo labelled them as being “stupid” initiatives, which go beyond the constitutional framework and are merely examples of propaganda in the light of the upcoming elections”.

Irrespective of the attitude towards this initiative, it should be mentioned that by this draft the Parliament of the Republic of Moldova seeks to clarify a number of aspects related to the functioning of the autonomy and invites politicians from Comrat to talks in order to avoid conflict situations in the future. At the same time, development of the political situation in the autonomous region demonstrates that the spirits seem to have cooled off. Probably, one reason for this attitude is the failure of Russia to destabilize southern and south-western regions of Ukraine. To avoid cyclicity of this phenomenon, i.e. occurrence of periodic disagreements between Comrat and Chisinau, it is required to adopt and implement several measures for social, economic and political integration of this ethnic community. It is necessary to make consistent efforts for establishing the rule of law in order to prevent conflict situations emerging, usually, under the conditions of a weak state that is vulnerable to external threats. 🌐

INTERVIEW

European integration and territorial integrity of the Republic of Moldova



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- How do you see the relationship between European integration and territorial integrity of the Republic of Moldova?

- European integration can contribute to the reintegration of the country. However, this does not mean that it may happen by itself. European integration implies a range of related reforms and actions that would make the image of the Republic of Moldova more attractive to the Transnistrian region. Better communication with Transnistria, efficient economic tools, which could be used in relation to Transnistria (some of them are already being used) and political tools are required. The Transnistrian region is currently facing a rather troublesome situation. If the Republic of Moldova manages (although rather slowly) to implement structural reforms, which should ensure a well-functioning market economy, then, in the Transnistrian region these reforms have dragged on for two decades and industry and agriculture have degraded. The region keeps afloat thanks to subsidies from the Russian Federation, which, according to some estimates, amount to about 600 million USD annually. Subsidies are either granted as non-payment for natural gas consumption or direct financial assistance for development and humanitarian aid, which is used for maintaining security forces in the region and paying pensions and other social benefits.

Obviously, this situation can not last forever. The Republic of Moldova along with the European Union can take advantage of these deficiencies in the Transnistrian region to increase their influence within the region. Nevertheless, neither Chisinau nor Brussels have developed a feasible and coherent strategy for such a reintegration project so far. The Association Agreement, including the DCFTA, is a new precondition for development

and territorial reintegration of our country, but this document will not be able to mechanically solve our problems and it does not provide an immediate remedy for the settlement of the Transnistrian conflict. Moreover, the changes implied by the Association Agreement are extremely painful for the Transnistrian region. If Transnistria decides to implement these reforms it will upset the Russian Federation, which is something unimaginable for Transnistria. If we assume that this might occur, the region would lose all subsidies and the existing political regime would simply succumb. This thing will not be accepted by the political and economic elite in the Transnistrian region. To change this situation what is required is a package of reforms, combined with a substantial package of economic and financial assistance to support those reforms. As long as there is not such an alternative that would match the alternative provided by the Russian Federation and would be attractive for business people and all people in the region, it is problematic to discuss about a feasible territorial reintegration process of the Republic of Moldova.

- By the same token, how would you comment the secessionist or excessively autonomous movements in other regions of the country?

- With reference to ATU Gagauzia, I have the impression that Chisinau has lost direct contact with ordinary citizens because the dialogue with the region was mostly carried out through the bashkan of the autonomy. At the same time, media space in the ATU Gagauzia is dominated by the Russian press, which is therefore almost the only source of information of citizens in the region whereas information and messages coming from Chisinau are seen with distrust. This state of

things led to the emergence and popularization of several marginal movements and groups in the autonomy, which, most often are supported from abroad. The Chisinau authorities have recently attempted to redress this situation of deficient communication with local public authorities and citizens in the ATU Gagauzia, including by the existing dialogue between the representatives of the Parliament of the Republic of Moldova and People's Assembly of Gagauzia. It would be desirable that these official actions be supplemented with a series of cultural events (for example festivals, sports and educational contests, etc), which would highlight the values that unite us but not those that tear us apart. It could be a solution for Bălți and other localities inhabited by national minorities as well. In this context, it would be a good idea to empower the organizations representing these national minorities and use European funds for funding different projects. In other words, it is required to continue the institutional dialogue at the level of local government and business environment, but to this end it is needed to establish platforms for a cultural dialogue and promote the traditions and values that unite us, because these traditions and values do exist.

- How do you view the periodic tensions that occur in Bălți and other territorial administrative units in the country?

- Indeed, there are difficulties in Bălți, as there are similar problems in Taraclia or Ocnița, although not as pronounced as in ATU Gagauzia. The formula to stabilize these regions is obviously the same – permanent, multidimensional and institutionalized dialogue with local public authorities, economic agents and citizens. Central authorities have to communicate with all citizens in the country, especially since the whole society should be committed to European integration if we want this project to be successful. I hope that the main opposition party the PCRM, which by its local representatives in these localities can contribute to their stabilization, will be engaged in this process.

- What do you think about the Declaration of the Parliament on the country's territorial reintegration processes adopted on July 2, 2014 in the context of the European course of the Republic of Moldova?

- I think that such a statement by the Parliament of the Republic of Moldova was needed, a statement that would be based on principles established in Law no. 173 of 22.07.2005 on basic provisions of the legal status of settlements from the left bank of the Dniester (Transnistria) but would maybe exclude existing conditionalities in that law to make negotiations more flexible. Unfortunately, the main message of the Declaration of 2 July, from my point of view, is that the political class in the Republic of Moldova does not share a common viewpoint on the Transnistrian conflict settlement. So this discord of the political class is unfortunately the main message addressed to the Tiraspol administration. Therefore, under these circumstances, the text of the declaration does not have the desired significance, value and importance.

- How would you comment the draft law no. 286 voted in first reading on July 18, 2014, which aims at adjusting relevant legislation to Law no. 344 of 23.12.1994 on the special legal status of Gagauzia?

- I consider that this is a good start, but it is not enough. Such a commitment of Chisinau authorities can only be successful through a lot of hard work to persuade citizens in ATU Gagauzia that European integration of the Republic of Moldova is a mega-project of sustainable development of the whole country. A development project that will involve all citizens, regardless of their ethnicity, religion and residence. However, state institutions must enforce the respect of legislation of the Republic of Moldova across the country and do not allow, for example, some marginal and extremist forces to speculate with nostalgic feelings and manipulate citizens of ATU Gagauzia under the shelter of patriotic demarches. 🌐

CHRONICLE

JUNE-JULY 2014



□ **30 MAY. Pressures on the Romanian-language schools in the area controlled by the Tiraspol administration continued throughout this period.**

◆ At the Gymnasium in Corjova village, Dubasari district, militia forces forbade students to chant the national anthem and raise the flag during the Last Bell ceremony; then the Gymnasium was fined with 100 thousand lei for not paying the rent; Accountant and teachers of the Lyceum “Lucian Blaga” from Tiraspol were searched by customs officers while entering Tiraspol; There was opened an administrative case against the director of the Lyceum „Alexandru cel Bun” from Bender for failing to submit tax documents.

□ **30 MAY. Tiraspol and Comrat agreed to intensify the interparliamentary cooperation in order to bring “the legislation of parties to a higher level “ and analyze the risks of the RM-EU Association Agreement.**

◆ Such an agreement was concluded in Tiraspol, by delegations headed by Chairman of the Supreme Soviet (CS) of the unrecognized pmr Mihail Burla and the Chairman of the People’s Assembly of Gagauzia (APG) Dmitry Konstantinov.

□ **4 JUNE. Ukraine started the securitization of the Moldovan-Ukrainian border on the Transnistrian segment (452 km).**

◆ **After a series of securitization measures, the Kiev authorities ordered the digging of a trench along the Transnistrian segment of the Moldovan-Ukrainian border.**

□ **5-6 JUNE. In Vienna was held a new round of “5 +2” negotiations on the Transnistrian conflict settlement, the second round in 2014.**

◆ The talks did not lead to any tangible results, the representatives of Chisinau and Tiraspol had different agendas for negotiations.

◆ OSCE Special Representative for the Transnistrian settlement process, Ambassador Radojko Bogojevic stated that “the success of today’s round of negotiations is that it has been held.”

□ **8 JUNE. Yevgeny Shevchuk, the leader of the separatist regime, declared in an interview with Euronews: the best option would be to realize the formula of a “civilized divorce” and decide for ourselves the rules of economic relations with the rest of the world.**

□ **JUNE. In mid-June, the Tiraspol administration dug ditches around Dorotcaia and Pohrebea villages in Dubasari district. Ditches were dug on a stretch of eight kilometers, they are half a meter deep and wide and now separate these localities from other villages on the left bank of the Dniester.**

□ **21 JUNE. Moscow and Tiraspol requested to postpone the next round of “5 +2” negotiations on the Transnistrian settlement, which had been scheduled for July 17 to 18, until September. The announcement was made by Deputy Prime Minister for Reintegration Eugen Carpov.**

◆ Eugen Carpov: “The delay does not contribute at all to a better understanding of the existing problems”.

□ **26 JUNE. Prosecutor General’s Office in cooperation with the Information and Security Service conducted an investigation of a case of training Moldovan citizens to conduct subversive and unconstitutional activities.**

◆ Under this criminal case two persons from the ATU Gagauzia were detained, being suspected of involvement in such activities.

□ **1 JULY. Deputy Undersecretary of the Ministry of Foreign Affairs of Turkey, Ali Kemal Aydin, paid a visit to Comrat where he met the leadership of Gagauz Autonomy.**

◆ Among other issues that were addressed, including relationships between the ATU Gagauzia and Turkey, Gagauz politicians complained to the Turkish official that Chisinau does not comply with the law on special status of Gagauz autonomy and central authorities launched the integration into EU without consulting people.

□ **2 JULY. The Moldovan Parliament adopted the Declaration on the country's territorial reintegration in the context of the Republic of Moldova European integration, urging the Tiraspol regime to participate in the country's European course.**

□ **3 JULY. Political representatives of Chisinau and Tiraspol Nina Shtanski and Eugen Carpov met at the headquarters of the OSCE mission in Chisinau.**

◆ Agenda: the issue of Romanian-language schools from Transnistria and the issue of farmers who have no access to the agricultural land located beyond the road Tiraspol-Camenca.

□ **15 JULY. In Chisinau was held the meeting of the working group on considering issues related to the implementation of constitutional provisions of the ATU Gagauzia status. At the meeting was adopted Draft Law no. 286 on the adjustment of related legislation to Law no. 344 of 23.12.1994 on the Special Legal Status of Gagauzia.**

◆ The draft law amended 20 legislative acts.
◆ On 18 July, the bill was voted in first reading in Parliament.

◆ The co-chairman of the group on behalf of Gagauzia, Dumitru Constantinov said that the autonomous region requests just one thing: that the legislation on the special status of the region operates appropriately.

□ **23 JULY. Criminal cases were opened by the separatist administration against several policemen and prosecutors from Dubasari on the grounds that they had exceeded the so-called period of stay of 90 days imposed by Tiraspol. Since the beginning of the year, there have been recorded 60 cases in which law enforcement agencies' representatives were denied access to the region.**

◆ The actions of the separatist administration contravene the Agreement of 1992, which provides that within the Security Zone police forces from both banks of the Dniester shall cooperate and ensure free access to the region for law enforcement agencies' representatives on duty.

□ **31 JULY. The Tiraspol leader, Yevgeny Shevchuk, recognized that currently the region is facing the most serious challenges for the last 20 years, after the armed conflict in 1992.**

◆ In June and July there were announcements on a series of austerity measures and economic problems of the Transnistrian region: the region's budget has a deficit of 70%; public sector salaries were reduced by 15%; pensioners do not receive any more the pension supplement from Russia; currency reserves of the region are decreasing; the tariffs for most utilities in the region have increased on average by 10 percent since April. 🌐

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