

EU candidate status: need for reforms at times of crises

After 8 years of implementation of the Association Agreement with the European Union, Moldova has received the status of EU candidate, without planning or preparing for it. This positive change in the country's status vis-a-vis the EU places it, along with Ukraine, on the list of countries eligible to open accession negotiations once the preconditions are fulfilled. Authorities must meet 13 conditions and the EU Commission will review their progress at the end of 2022 to decide how to move forward. The Moldovan government is optimistic about its ability to implement the requested measures, especially since some of them, such as the judiciary reform, are already integrated into its internal reform agenda. The progress in relation with the EU is, however, soured by high public discontent with the socio-economic situation due to the multiple crises that the government is struggling to resolve.

Introduction

At present, the prospects of the EU candidacy are hardly predictable. The latest polls affirm that the government party (Solidarity and Action) has an approval of only 22.6%, compared to the opposition formed by the Communist and Socialist Bloc, which accumulates 26.3% of potential votes. This means that the public pressure on the government to deliver on reforms is very high, while they should also comply with the EU candidacy-related commitments. At the same time, they must not lose sight of the old and urgent problems fuelled by the endless appearance of crises, particularly due to the ongoing Russian aggression against Ukraine. In the context of socio-economic difficulties, interest in the implementation of the most urgent structural reforms (judiciary, anti-corruption, etc.) is perhaps higher in the EU than among Moldovan citizens facing rising prices for food and energy. The main challenge for the government is to advance reforms, many of which are also part of the EU conditions, while halting the worsening of living conditions that could sour the public's pro-EU sympathies.

The newest trends in EU-Moldova relations

Unlike the previous frameworks, the EU candidacy offers the opportunity to embed Moldova into the larger regional EU enlargement synergy, with the potential to minimise the public's sympathies towards the Russian-controlled Eurasian Economic Union. To this end, the current government must persist and resolve the current emergencies. The less it alleviates public grievances, the more it risks damaging its own and, with it, the legitimacy of the EU, which seems to bet everything

on the current Moldovan government. The latter is aware that, without the EU, it would not have been able to manage most of the crises it faced since coming to power in July 2021.

Polls indicate mixed public support for EU membership, which appears to be deteriorating lately: March – 61% (Magenta Consultant); May – 59% (CBS-Axa); June – 53% (iData). Perhaps, the granted candidate status could have healing effects on public traction for EU accession, which represents an untapped incentive for accelerating the painful reforms.

Meanwhile, the relationship with the EU is flourishing. A new EU macro-financial assistance for Moldova, worth EUR 150 m, has been approved and adopted without clear conditions aimed at improving the stressed balance of payments. To mitigate the impact of transport route losses caused by the war and sanctions, the EU has temporarily exempted Moldovan trucks from EU transport permit obligations (bilateral and transit regime) and offered trade facilitation measures for a year by increasing the quotas for agricultural products. In addition, the EBRD makes available an energy loan of EUR 300 m to avoid supply cuts by creating financial reserves for the purchase of gas for consumption in winter. Another important contribution from the EU is the increase, with an additional EUR 40 m (from EUR 7 m agreed in 2021), in financial support for the modernisation of military equipment, as part of the European Peace Facility. Last but not least, the EU launched the Support Hub for Internal Security and Border Management that will coordinate activities related to countering arms and drug smuggling, human trafficking and cyber insecurities.

EU conditions to advance: what kind of “road map”?

The next step after the offer of the EU candidacy is to comply with a set of 13 actions that the EU Commission has grouped into nine large blocks of conditions. One of the tasks for the Moldovan government is to develop a clear “road map” comprising a set of benchmarks and a credible system for monitoring progress. These are already on the discussion table between Chisinau and Brussels. The level of implementation will be reviewed in December 2022.

Conditions to be implemented by Moldova

Conditions	Scope:	
	General/ Specific	Speed: Quickly/ Slowly
Judiciary		
1. Essential steps in judicial reform	General	Slowly
2. Fill the vacancies of Supreme Council Magistracy	Specific	Quickly
3. Address the shortcomings of the OSCE/ODIHR and Venice Commission	General	Slowly
Anti-corruption		
4. Fight corruption	General	Slowly
5. Increase the take-up of the recommendations of the National Anti-Corruption Centre	Specific	Quickly
Fighting crime		
6. De-oligarchisation	General	Slowly
7. Fight organised crime	General	Slowly
8. Put in place asset recovery mechanism	Specific	Quickly
9. Anti-Money Laundering legislation in line with Financial Action Task Force	Specific	Quickly
Public administration		
10. Stepping up public administration reform	General	Slowly
11. Complete the reform of Public Financial Management	Specific	Quickly
Media, human rights and civil society		
12. Involvement of civil society in decision-making process	General	Quickly
13. Protection of human rights and the rights of vulnerable groups	General	Slowly
Total number of conditions: 13	General: 61% Specific: 39%	Quickly: 46% Slowly: 54%

Source: author's compilation based on EU Commission's opinion on Moldova of 16 June 2022

As shown in the table above, the conditions requested by the EU from Moldova can be divided into two aspects: by "scope" with a differentiation between general and more specific actions and by "speed" considering whether the measures can be carried out quickly or slowly. From the perspective of "scope", the general measures represent 61% of measures whose progress is difficult to determine (example: essential steps in judicial reform), leaving more room for subjective interpretation. The remaining 39% of the measures are quite specific, which makes it easy to identify the outcome (example: filling the vacancies of the Supreme Council Magistracy). When it comes to "speed", most

actions (54%) are slow to perform due to their complexity and time-consuming properties (example: public administration reform); the other 46% can be done more quickly (example: put in place asset recovery mechanism).

Outlook

According to the most optimistic estimates of the Moldovan government, the accession dialogue may start in 2024. The multiplicity of crises ranging from high inflation, energy problems and the influx of refugees are reducing the popularity of the pro-EU ruling party and may even affect the EU's popularity among citizens, despite substantial EU assistance. The government must ensure perfect synchronisation between meeting the EU's 13 conditions, prioritising internal reforms in a transparent and inclusive manner, and efficiently managing current crises.

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Note: this text is the sole responsibility of the author and does not necessarily reflect the opinion of the German Economic Team.

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