

# EU statement at the Trade Policy Review of Moldova, 19/10/15

*Statement by EU Deputy Ambassador Detlev Brauns*

I would first like to welcome the Delegation of the Republic of Moldova, led by Mr. Calmic, Deputy Minister of Economy. My appreciation is extended to the Discussant, H.E. Mr. Juan Esteban Aguirre (Paraguay) for getting us started today with his remarks.

Mr. Chairman, this is the Republic of Moldova's first review after its accession to the WTO in 2001. Moldova is a small landlocked country that, under an economic point of view, performed relatively well in the recent years, with real GDP growth averaging 5.4% during 2010-14, one of the strongest in the region.

However, the Republic of Moldova is expected to slip into recession this year as a result of adverse climatic conditions and the impact of the regional situation on its economy which is highly dependent on international trade. As also acknowledged by the Secretariat report, some of the main risks to the Republic of Moldova's outlook relate to fluctuations in remittances from workers abroad and to the fallout of the domestic banking crisis.

In EU's view, it is essential that the Government of Moldova tackles key reforms to fight against corruption, to urgently reform its justice sector as well as to resolutely act on the serious crisis in the banking sector. These actions are essential to improve the business climate in the country, which is one of the aims of the Government.

The EU commends the Republic of Moldova's efforts to integrate into the world economy as reflected in the progressive liberalisation of its trade regime and its participation in, or adherence to various multilateral, regional, and bilateral trade initiatives. The EU welcomes thus Moldova's accession to the WTO Agreement on Government Procurement, and to the regional PanEuroMediterranean Convention on rules of origin. These initiatives strengthen further the economic reform path and the Republic of Moldova's integration in the international economy.

The EU notes Moldova's good progress as regards competition policy and in particular state aid/subsidy policy and commends the implementation of a state of the art notification system to follow up all state aid given in the country. The focus should now be on a robust enforcement of competition rules and policies, in accordance with international practices and standards.



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The EU acknowledges Moldova's strong commitment to the multilateral trading system and welcomes its notification of Category A commitments under the Agreement on Trade Facilitation; we would very much welcome the ratification of the TFA Protocol before the Nairobi Ministerial.

A word, Mr. Chairman, on our bilateral relationship. Moldova is an important market for many European companies. The EU is the first trading partner of Moldova and bilateral trade has continued to grow in the past five years, following the rebound after the 2009 economic crisis, and boosted by the signature of the Deep and Comprehensive Free Trade Agreement last year. The Association Agreement reaffirms our commitment to support the Republic of Moldova in its reform efforts.

Mr Chairman, the EU would also like to raise a few issues of concern, starting with a general remark on the general business climate. Enforcement of the rule of law, strong and independent institutions and a real level-playing field for all companies are key governance issues that need to be addressed if the Moldova is to unlock its economic and trade potential. These issues permeated also in the EU written questions. In particular, we see possibilities for strengthening the institutions overseeing the agricultural/SPS reforms, transparency and banking sector:

In this respect, the EU would encourage further investment in the area of SPS and would like to ask Moldova what plans they have in order to advance the regulatory framework and infrastructure for animal health control.

Secondly, and more broadly, transparency and compliance with its notifications' obligations should be further strengthened.

As a last point, the EU is concerned about the rules in the services and banking sector and we would ask Moldova to elaborate on how the current banking crisis is affecting business lending in the country.

Mr Chairman, the EU is confident that this first exercise will help Moldova in the revision of its trade policy for ensuring most favourable conditions for attaining its economic objectives, while respecting its international commitments in this forum.

We would like to thank Moldova for the responses to the questions we have previously submitted in writing and wish the Moldovan delegation the utmost success during its first Trade Policy Review.