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# NEWSLETTER

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## Foreign Policy Synthesis and Debates

### EDITION TOPICS:

1. Sweden - the major donor for the Republic of Moldova, supporter in democratic reforms and European integration. Interview with the Ambassador of Sweden in Chisinau - **Ingrid Tersman**.
2. The technical capacity of the gas pipeline Iasi-Ungheni is sufficient to meet the needs of the Republic of Moldova, without Transnistrian region. Interview with the Ambassador of Moldova in Romania – **Iurie Renita**.

### ***Ingrid Tersman: I am optimistic that one day the Republic of Moldova will become a member of European Union. Sweden will support this process***

■ **Lina Grău:** For many years, one of the biggest donors for the Republic of Moldova is Sweden. The projects supported by this country cover all the areas of public life. The Trade Minister of Sweden - Eva Bjorling together with a group of businessmen interested in the cooperation with the partners from Moldova were in an official visit in Chisinau these days. On the eve of this visit, I spoke with the Ambassador of Sweden in Chisinau - Ingrid Tersman about the projects supported by Sweden, about the European course of the Republic of Moldova, and also about the fact how she perceives Moldova's business environment and society.

■ **Ingrid Tersman:** I am very pleased that this year we can celebrate 20 years of diplomatic relations between the Republic



of Moldova and Sweden. Over these years, our relations have deepened and widened, and much has happened since we established the Swedish Embassy in Chisinau two years ago. That our Government decided to do so says a lot about the importance of Moldova to Sweden, as a bilateral partner, and as a very active member of the Eastern Partnership.

Today, Sweden also provides substantial bilateral support to Moldova. In this area, our bilateral relations started in the mid-1990s. Over the last two decades, Sweden has provided support in several areas, for example the social sector (also for the handicapped and disabled and for agricultural competitiveness and development. Today, we still support governance reforms, to make government more efficient

and more accountable. We also provide support for civil society and a number of NGOs.

The Embassy is engaged in some cultural activities, for example, we organized the first ever film festival this spring in Chisinau and Tiraspol. I trust it was much appreciated. I hope we can repeat this.

Sweden offers scholarships to Moldovan students at the Stockholm School of Economics in Riga. This program started two years ago, and today we have I think 15 Moldovan students that go through a three-year international Bachelor's degree in economics and business. I am happy to say that the Moldovan students, who have earned their place in the school on a highly competitive basis, are doing exceedingly well. In addition, the Swedish Institute that provides scholarships worldwide, have recently expanded their programs also to Moldova for Master's and PhD students. If readers are interested, please check our website ([swedenabroad.com/chisinau](http://swedenabroad.com/chisinau)) or our Facebook-page. Information is also available at the Swedish Institute's webpage, [www.si.se](http://www.si.se).

The political relations between our countries are excellent. The Swedish Foreign Minister, Mr. Carl Bildt, has been to Chisinau twice over the last two years. The Moldovan Prime Minister, Mr. Vlad Filat, visited Stockholm last September, as well as Mr. Leanca and Mr. Bumacov and together with a substantial business delegation. The Moldovan ICT Minister, Mr. Pavel Filip, has been to Stockholm over the last year. And, last week, the Swedish Minister for Trade, Dr. Ewa Björling, came to Chisinau with a Swedish business delegation. I think these visits say a lot about the intensity of our relations.

■ **Lina Grau:** Could you please tell me from what areas the Sweden companies would be interested in the Republic of Moldova?

■ **Ingrid Tersman:** In the delegation were companies from the telecommunications industry, from the health sector, from water and waste, IT and infrastructure.

■ **Lina Grau:** From the economic point of view, what kind of relations the Republic of Moldova has with Sweden? Which are the most developed and mutually interested sectors?

■ **Ingrid Tersman:** I believe that the Moldovan economy and market offer opportunities for Swedish companies. I know that the companies that are already here, for example in telecommunications and IT, they are doing well. I think that an area where there could be Swedish interests is agricultural products such as organic nuts and dried fruit. I know of one company here that exports walnuts to Sweden. It is an area with growing demand. Another one is the service sector. Another one could be light manufacturing. But I am sure that the market offers more than this.

■ **Lina Grau:** Since we were talking about the economy, I would like to ask your opinion about the business climate in the Republic of Moldova. You are coming from a country in which the things are clear and well organized in this regard. Could you tell me please how do you see the business climate in the Republic of Moldova? What can be done to improve this climate?

■ **Ingrid Tersman:** The investment climate has improved in the last couple of years. We can see some simplifications in rules and regulations; soon there will be fewer agencies

checking and controlling business. That is good. We shall remember that Moldova is competing on a tougher and tighter international market today. To be able to attract foreign investment when times are tougher, it is important to offer at least as good opportunities and business climate as your competition.

We all know that the countries in Europe are going through a financial crisis; this is also felt in my country. This means that demand is shrinking in our exports markets, and it becomes tougher both to export goods and to attract investments. Companies that consider going to new markets are more careful when analyzing their choices. Therefore, a market like Moldova, which is not so well known, has to be seen as a good and decent place to make investments in. At the same time, the Government of Moldova has done an excellent job in making Moldova more known in Europe. If I compare the knowledge of your country today compared with a couple of years ago, there is a different view of the country. Moldova is seen as a country that is striving to come closer to the European Union and wants to be a part of the European family. This is very positive.

Moldova is strategically located; your citizens have fantastic language skills and a language mix which is unique. Moldova has access to markets in the West and in the East, and these are strategic advantages. But more can be done to improve the investment climate, and I know the Government is working on it. I believe that it is crucial to have a well-functioning justice sector to attract investments especially when the international climate is tough. This is also a question that potential Swedish investors ask: "how does the justice sector work, are there clear and transparent rules and regulations for

companies, etc.? I believe that is a key challenge for the Government and for the country. Also, that is very important for many other reforms that Moldova is undertaking. So, with such reforms well under way, it will be easier to attract investments.

I would like to mention that there are a few good studies on the investment climate in Moldova that have been presented over the last couple of years. They point, among other things to these issues. Perhaps another issue that is worth mentioning is the difficulty for international agents to buy land or lease land for longer periods of time. These studies also point to the complex labor laws which make it difficult and costly for companies to hire workers or maybe let workers off when times are tougher. These are a few examples, but I know that the Government is well aware of this and is working on solutions.

**Lina Grau:** Sweden is the major donor to the Republic of Moldova. What are the most important programs that you support?

**Ingrid Tersman:** Yes, it is correct. Today, we have over 20 programs running. Most of our support is channeled through international organizations, such as the World Bank, the UN Family, to the IFC, to civil society but also to the Government. Our key focus is to build capacity. Today, we are active in three broad areas: democracy, human rights and gender; energy and energy efficiency; and market development. It is important to choose the most important ones because I believe that they are all important. I will pick a few examples. Since 2008, we have supported the Ministry for Foreign Affairs and European Integration to facilitate the negotiations with the European Union

on the Association Agreement and also to build capacity in the ministry. We have supported training and education of ministry staff, a conference facility, and consular affairs. These efforts have together assisted in laying a platform for the diplomats at the Ministry to negotiate so well.

Another program is Women in Business. Here we work with the EBRD. This program provides concrete support to companies that are run by women or have a majority of employees that are women. 90 companies will be chosen on a competitive basis, they will receive various kinds of support to improve their businesses.

Another program that we launched recently with the EBRD is in energy efficiency. It will give homeowners in apartments and houses financing and expertise to install energy efficiency measures in their homes. A homeowner can get advice on what energy efficiency is best for her/him, and they will receive a grant and there is facilitation with the banks. The scope for energy efficiency in Moldova is great. By installing energy efficiency measures, homeowners can save up to 40% of the energy costs and that is substantial.

**Lina Grau:** I think that a lot of people will be interested in this project. When will it start?

**Ingrid Tersman:** It has already started and the contact point is the EBRD here in Chisinau. I would like to mention a fourth project. With Swedish financing, the IFC, will work together with the Ministry of Economy and other actors to improve the business climate in Moldova. The aim is to reduce the number of regulations, make some regulations clearer and easier, to have more efficient but less control.

This project will also support agro-investments.

These four programs show the diversity of what we are engaged in here. We have the opportunity to support many parts of Moldova's society, and all programs have EU integration as a guiding post.

**Lina Grau:** You said earlier that Moldova has made significant progresses in recent years. In fact, everyone says it. Do you consider that Chisinau exploited all the chances that were offered or there are things that could be done better?

**Ingrid Tersman:** Moldova and its Government have made remarkable progress on EU integration over the last two years. A number of laws have been passed, the Association Agreement is almost negotiated in full, there is high speed in the negotiations on the Deep and Comprehensive Free Trade Agreement, and the work toward a visa free regime is going forward. Here, Moldova is moving to phase two, which is the crucial implementation phase. These are remarkable accomplishments for Moldova in a short period of time.

EU integration work is something that goes on every day and it takes time. It has taken time for all countries that have approached and become members of the EU, and it is not something that starts very clearly one day and then it is ended -- it is work in progress. And of course, Moldova will have to continuously work on the commitments made.

I would like to highlight one area that we find truly important and that is the implementation of the Law on Equal Chances, the anti-discrimination law that was adopted in the spring time, the commitments made by the Government

at that time. The good implementation of this law is also part of the visa liberalization dialogue. We are looking forward to the adoption of solid secondary legislation that will provide clear guidance to the justice sector on the law's implementation, and also to the establishment of the Council.

■ **Lina Grau:** You already mentioned the problem of justice, business climate and that of antidiscrimination as areas in which the Republic of Moldova has to work on. What are the areas that need additional support?

■ **Ingrid Tersman:** I would welcome the actions taken within the responsibility of the Ministry of Internal Affairs recently. This ministry's responsibilities are key in regards to EU integration. The new minister has taken on some difficult issues with a high level of ambition, and he also appointed professionals to key agencies. The results can be seen already, for example with the traffic police, which I welcome very much. The work has begun also within the Migration and Asylum Bureau and also within the Anti-Trafficking Bureau. These are areas which are close to justice reform and important foremost to the citizens of Moldova.

■ **Lina Grau:** Sweden is one of the founders of the Eastern Partnership. How do you rate this initiative after three years from launching?

■ **Ingrid Tersman:** The Eastern Partnership is a truly good instrument; it is the instrument for the European Union's relations with its close neighbors, and their venue for closer EU integration. I am of course proud that this was a Swedish-Polish initiative from the beginning. We have seen it launched. We have seen it work. And we have seen the expansion of the

activity of the Eastern partnership. I would call that a success story.

The Government of Moldova has taken the opportunities that the Eastern Partnership offers. Because of that and because of the vision and the hard work of the GoM, Moldova is seen as a country that is making great efforts and progress. This is the case both in the bilateral track and the contributions Moldova brings to the multilateral side of the Partnership.

■ **Lina Grau:** When speaking about the success of the Republic of Moldova in the Eastern Partnership, lately it is mentioned that in the autumn of 2013 the Association Agreement and the Free Trade Agreement with EU will be finalized. You are so optimistic?

■ **Ingrid Tersman:** I am optimistic. I believe that if the reform course of Moldova will be continued, the chances are very good. If all commitments are met, the chances are very good that Moldova will be able to sign the Association Agreement and the DCFTA before the end of 2013. Moldova has then been making remarkable progress.

■ **Lina Grau:** One of the most desired things from Chisinau is that in the Association Agreement, in the preamble of the document, there is a provision regarding the recognition of a clear prospect of the Republic of Moldova to adhere to the European Union. Do you think this is a realistic prospect for the Republic of Moldova?

■ **Ingrid Tersman:** This provision will most likely be negotiated further, perhaps to the very end. The Swedish Government's position is very clear: all European countries that are able and willing to join the European Union shall be given a fair chance to do so. I am

quite optimistic that Moldova will be part of the EU family one day.

■ **Lina Grau:** I would like to ask you about your perception of the society from the Republic of Moldova. How is the society here? What would be the Sweden's lesson that should be assimilated at the level of Moldova's society to quickly overcome the mentality that connects us to the past?

■ **Ingrid Tersman:** I and my Swedish colleagues at the Embassy feel warmly welcome in Moldova. That is the case wherever I travel all over the country. I feel that the people are open, curious as to who we are, where we come from, and our history. I feel people are interested to hear about our experience and see if there is something that can be used here.

I think one should be very careful in telling another country's citizens what to do, but I trust there might be one area where our experience can be useful to Moldova when it moves closer to the EU, and that is gender equality. For the Swedish Government, human rights and gender equality are key both in foreign policy and in development assistance. That is also the reason why every program we support in Moldova has a gender aspect, and why we have some programs especially targeted to equality between men and women. Gender equality is a matter of straight forward human rights, the equal worth and value of every individual. For a country that is in a developing phase, trying to develop and strengthen its economy, it is a matter of strengthening the economic base and use all available resources. Here you need help and the efforts of everyone, men and women together.

## ***Lurie Renita: The capacity of the gas pipeline Iasi-Chisinau is sufficient to meet the needs of the Republic of Moldova, without Transnistrian region.***



■ **Lina Grau:** While attending the congress of the European People's Party in Bucharest, the Prime Minister Vlad Filat met the Prime Minister of Romania – Victor Ponta, with whom he discussed about the construction of the gas pipeline Iasi-Ungheni. The project is considered of strategic importance and could meet the needs of the Republic of Moldova and at the same time being an important step for connecting the country to the European energetic space. The electrical interconnections are also important with the high voltage lines Gotesti-Falciu and Balti-Suceava which are now under construction.

The Romanian side should start the works on the gas pipeline Iasi-Ungheni

in February 2013 and would be completed till November next year. Within one month will be announced the tender to select the company that will perform the work. The Republic of Moldova has already developed the necessary technical documentation for the project, selected the route for construction and purchased those lands.

The energy security of the Republic of Moldova and the Romania's contribution to this security were among the topics we discussed with the Ambassador of the Republic of Moldova in Bucharest - Lurie Renita, which I initially asked to make an evaluation of the bilateral relations with Romania.

■ **Lurie Renita:** Along with the coming to power of the Alliance for European Integration in 2009, it was remarked a revival and gradual recovery of the bilateral relations because, we have to admit, the bilateral relationship has been compromised by the previous government. Obviously, a certain period was required to improve the relationship that should exist between two countries that share common values and are part of the same communion historical, linguistic and cultural.

So, we are talking of the recovery and rehabilitation to normality of the political, economic, cultural, educational dimensions, etc., as well as the relationship with civil society. I would like to make a remark on the relationship of civil societies from Bucharest and Chisinau, it existed and it is permanently a good relationship. During the difficult periods, namely the civil society representatives of creative unions, various associations have maintained those values and promoted national values which naturally we share.

It was succeeded to restore the bilateral relations. The frequency and the dynamics of the political relations are impressive. Here I refer to the visits of the heads of the Republic of Moldova in Bucharest and of the President of Romania in Chisinau. So, there existed and it was returned to a permanent and constant dialogue at the level of the President, Prime Minister, Ministers of all sectors as well as Government structures. I would like to note with great satisfaction that Chisinau and Bucharest is an itinerary made daily by a lot politicians of the both capitals. We managed to establish a political dialogue that generates, creates favorable conditions for other aspects of bilateral cooperation, I refer

to the economic, cultural, educational etc.

Romania became the second country of destination of the Moldova's exports. It is good that beyond the common linguistic, cultural and historical aspects it is perceived and conceived a very clear and practical approach to our actions. The presence of Romania as a destination for Moldova's exports is a very convincing argument of approaching our countries and a common approach to the European Union.

I would like to note the constant assistance and strong support of Romania for integration of the Republic of Moldova into the European Union. Through concrete actions we demonstrated that the objective of integration of the Republic of Moldova becomes more real. Through joint efforts we have chances of succeed. Recently, the Prime Minister of Romania - Victor Ponta visited Chisinau on July 17 with a consolidated government team. I would say that was a mini-session of the two governments because the majority of the government members from Bucharest were present in Chisinau and signed documents, including the joint declaration of the two premiers regarding the energy projects. This demonstrates that the relation Bucharest-Chisinau has developed impressively.

On the bilateral agenda currently are listed several projects of strategic interest for the Republic of Moldova. First of all I am referring to the Iasi-Chisinau gas pipeline, to the power lines Iasi-Ungheni-Balti-Suceava-Falciu-Gotesti, their commissioning will considerably reduce the excessive dependence of the Republic of Moldova on a single source and it

would perfectly fit in the context of approaches to the EU standards, namely diversification of energy sources. It is just what we want very much and it is exactly what actually occurs on the bilateral agenda. Moreover, the implementation of these projects constitutes a top priority on the agenda of the current bilateral relationship.

■ **Lina Grau:** You said about the concrete things that are done now and you referred to the gas pipeline Iasi-Ungheni, I would like to ask you what are the terms for completing this project and for commissioning the gas pipeline? On the other hand, you mentioned the power lines and I would like you to tell us when they will be operational.

■ **Iurie Renita:** If the gas pipeline will be put into operation by the end of next year 2013, than the power line Falciu-Gotesti will be put into operation in the near future, basically the works are completed. The other lines, I mean Ungheni-Iasi, are at an early stage. It appeared recently on our bilateral agenda along with the first actions to implement the gas pipeline Balti-Suceava which is already in an advanced stage and will be implemented in the coming years.

So, our connection to the Romanian electrical systems means the connection to the European Union's system. Hence derives the major strategic importance that we attribute to implement these projects. The gas pipeline has the chance to be implemented by the end of next year and I hope that we will honor these obligations that have been taken by the Chisinau and Bucharest's politicians.

I know that the last steps remained. These days, in Bucharest, I spoke

with the politicians from the Ministry of Economy, Ministry of Finance, National Agency for Material Resources regarding the completion and the development of all aspects for the effective start of the project, including the financial coverage that is required to implement the project.

■ **Lina Grau:** Mr. Ambassador, you said recently that the Declaration regarding the Moldo-Romanian Energy Partnership signed by the Prime Ministers Victor Ponta and Vlad Filat in Chisinau is a kind of a new declaration of energy independence for the Republic of Moldova. In this context, how do you see the discussions between Gazprom, Republic of Moldova and Brussels regarding the Chisinau's participation to these European energy packages? Will these connections provide an alternative to Russian gas?

■ **Iurie Renita:** Moldova's approach is correct because it perfectly fits to the European Union standards and rigors which provide the existence of more energy sources and their diversification. Towards the negotiations that occur between Gazprom and the representatives of Chisinau, I cannot express my opinion because I am not sufficiently familiar with it, but I hope there will be found a formula that will take into account our wishes and obligations regarding the implementation of the energy projects no.2 and no. 3 that we have assumed. I assure you that their implementation and acceptance by the Russian Federation is an advantage for Russia to show that it shares and promotes European values, including in the economic sphere.

■ **Lina Grau:** Is this gas pipeline, from the technical point of view, able to cover Moldova's needs, if theoretically,

there will be new disconnection from Russian Federation?

■ **Iurie Renita:** We hope not to have such disconnection. Towards gas pipeline, its designed capacity is sufficient to meet the needs of the Republic of Moldova. I would like to make a remark regarding the right bank of the river Nistru, because in the left bank there is another operator and is another situation. Gradually this is the first step. It is good and proper to provide diversification for the entire territory of the Republic of Moldova, including the eastern regions of Moldova. It doesn't matter the gas smell, Eastern or Western, it is important always to provide gas at a reasonable price.

■ **Lina Grau:** Mr. Ambassador, what are the projects that have not yet started or you wish to be implemented on this dimension of collaboration Chisinau-Bucharest? What would you want to happen in this relationship?

■ **Iurie Renita:** Obviously we always want more, the Embassy's action plan we have many objectives. But not always succeed. Because of the fact that in Chisinau there is a political stability, we managed to overcome previous issues that had an impact on the general state of mind which were reversible on the bilateral relations.

Regardless of evolutions which were at Chisinau, Bucharest had a very clear message of support and assistance for Moldova's integration in the European Union. The Bucharest's message was: we support any political force that promotes the integration of the Republic of Moldova into the European Union. This political force was and is the Alliance for European Integration.

Obviously we would want more cultural, art projects. They are already producing. The Embassy is not always able to provide financial support, but we are involved as much as possible. Were signed more than 50 bilateral legal instruments, including agreements between ministries in the cultural cooperation. We managed to create the necessary legal framework for the cultural institutions, associations to collaborate without legal impediments. We created the legal framework for proper operation. It remains at the discretion of politicians from the cultural, educational, artistic sphere to show more initiative, be more often present in Bucharest and vice versa from Bucharest to Chisinau. We must admit that in this aspect we have much to do.

■ **Lina Grau:** Mr. Ambassador, could you tell us about the 100 mil. Euro which were promised as grant for the

Republic of Moldova by Romania two years ago?

■ **Iurie Renita:** An agreement is implemented when the financial sources are identified. Obviously Romania, as Moldova, passes through a difficult period. We know that in 2010 when there were floods, it was reacted promptly. A part from this amount was allocated to build houses in the villages affected by flood.

The second phase will cover the needs for the implementation of the gas pipeline. A Government Decision will be adopted that will provide financial coverage for the Prut-Ungheni segment. We are talking of almost 7 million euro to come.

Later, we will strive to focus on strategic projects that will have financial coverage, projects with a significant impact on the Republic of Moldova, on its citizens. We have on the agenda of the Third Additional Protocol to the agreement of 100 million that will be implemented by the Ministries of Environment from Bucharest and Chisinau. These projects are related to the thermal rehabilitation of the social institutions, kindergartens, schools which is of major importance for the situation and realities from Moldova. Money will be implemented and used for specific projects.