**Declaration of the 1st meeting of the Republic of Moldova – European Union Domestic Advisory groups and the Joint Civil Society Dialogue Forum**

July 8, 2015

Chisinau, Republic of Moldova

Representatives of the two Domestic Advisory Groups (DAG) from the EU and Moldova, established under Chapter 13 on Trade and Sustainable Development (TSD) of the Deep and Comprehensive Free Trade Agreement between the Republic of Moldova and the European Union, held a joint meeting in Chisinau, Moldova, on 7 July 2015.

Participants from both sides warmly welcomed the opportunity thus provided to discuss key issues in depth. In particular they underlined the importance of their ability to comment and to make recommendations on, and arising from, the implementation of this TSD chapter, as set out in Article 376.4. This especially includes the opportunity for each DAG to make recommendations through the right of own initiative, as specifically outlined in this Article.

This power of own initiative will cover both issues arising from the actual implementation of the TSD Chapter and those issues where participants consider action should be taken.

Participants considered that joint meetings of their representatives provide a necessary framework for a structured and in-depth ongoing discussion to enable them to develop joint positions on relevant issues.

Participants welcomed the opportunity to increase trade flows and contribute to both growth and prosperity in both Moldova and the EU offered by the DCFTA.

Participants stressed the importance of a more efficient approximation and enforcement of the Moldovan legislation to EU directives related to DCFTA implementation. They agreed on the policy priorities that stem from the key development issues Moldova is currently facing.

This document is thus the work of the DAG-to-DAG meeting, enriched by the contribution of the participants of the Joint Civil Society Dialogue Forum.

All participants of the Joint Civil Society Dialogue Forum agreed that adequate and decisive policy interventions are required order to ensure a successful implementation of the DCFTA with EU. Namely, the key policy priorities should focus on:

* Addressing the fundamental weaknesses that significantly hampered bilateral relations between Moldova and EU during 2015 and led to the postponement of financial assistance from the European Commission: (i) forming a functional Government well-committed to DCFTA implementation and speeding up structural reforms; (ii) enhancing the transparency of decision making at local and national level; (iii) rebuilding an effective system of sound regulation and supervisory institutional capacities for the banking system and ensuring macro-economic stability of the country; (iv) agreeing on a mutually beneficial memorandum with IMF;
* Addressing the cost and quality competitiveness issue, by easing the access to finances (especially for the small and medium enterprises), stimulating the inflows and absorption of technologies at the company level and raising knowledge and awareness among the private sector about the DCFTA implementation;
* Consolidating and strengthening the capacities of civil society and the civil society platforms (CSOs, trade unions, employers’ associations, environment movements, consumers' organizations, chambers of commerce) in order to ensure qualitative feedback to the government on DCFTA implementation and enforce the checks and balances mechanism between the civil society and the government. It also includes enhancement of the quality and the benefits of social dialogue, by capacity building, exchange of information, practical experience and good practice, including through personnel exchange and joint training in this field. Interference in activities of trade unions and in general into the activity of the social partners is not acceptable;
* Mandatory consultation of the DAG members on the draft laws and regulations elaborated by the government within the framework of DCFTA implementation activities;
* Addressing the issue of the informal economy, by decreasing the costs of formal economic activity (substantial improvement of the business climate is needed) and increasing the penalties of informal economic activities (increasing fines and efficiency of tax and labour inspections). In order to effectively address this issue, a closer inter-institutional cooperation is necessary, involving the Ministry of Labour, Social Protection and Family, Ministry of Economy, Ministry of Finances and other relevant institutions;
* Adoption and strengthening of the domestic enforcement of the ILO conventions related to social protection of employees and of EU directives according to Annex III to Chapter 4 (Employment, Social Policy and Equal Opportunities) of Title IV from the Association Agreement between the European Union and the Republic of Moldova;
* Removing of non-tariff barriers to trade, by speeding up the reform of the domestic quality infrastructure, adoption and implementation of EU quality standards (both at the national and company-level), aligning food safety system to that of the EU, downsizing bureaucracy related to issuing quality certificates, certificates of origin, licenses and all other permissive documents, speeding up the export and import procedures, as well as VAT refund, according to EU norms;
* Aligning the educational system to the real economy needs, by ensuring efficient functioning of sectorial committees for elaboration and implementation of employment standards, according to EU norms;
* Speeding up the reforms aimed at solving the most pressing environmental problems: lack of adequate storage and recycling capacities of waste, insufficiency and poor quality of water, poor quality of air and high vulnerability to environmental shocks;
* Conducting trade sustainability impact assessments of the DCFTA, using a commonly agreed methodology and indicators related to the Republic of Moldova particularities. The methodology and indicators shall be approved by the Government of Moldova and the assessment reports shall be conducted by independent entities on an annual basis.