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The European Union awards Moldova candidate status

As established in Article 49 of the European Union (EU) Treaty, any European country that respects the values referred to in Article 2 and is committed to promoting them may apply to become a member of the European Union. The decision on new EU membership is taken unanimously by the Council, after consulting the Commission and getting Parliament's consent.

Ukraine (on the 28th of February 2022), the Republic of Moldova and Georgia (both on the 3rd of March 2022) applied for EU membership in the wake of the Russian attack against Ukraine. On the 17th of June 2022, the Commission published opinions on the three applications, recommending that the Council confirm Ukraine, the Republic of Moldova and Georgia's perspectives of becoming member states of the EU. Therefore, all three countries are part of the European family.

EU leaders have granted Ukraine and Moldova candidate status, marking a key point on the countries' journeys to possible EU membership. The decision came on the 23rd of June 2022, during a two-day European Council meeting in Brussels. To my mind this decision is one of the most important for Moldova in its 30 years of independence. It is an unique and historic moment in relations with the 27-nation bloc. This is a strong signal of support for Moldova and its citizens.

The candidate status is the first official step towards EU membership. Joining the bloc, though, will likely take years, with reforms to conform to European standards still required.

The candidate status will bring Moldovans more prosperity, more opportunities, and more order in their country. Moldova has a difficult road ahead, but Moldovans are prepared to walk together, to ensure a better future for them and their children. Finally the path of EU membership will permanently shift Moldova out of Russia's sphere of influence.

The European Commission president said the accession process would be „merit-based” and „by the book”, and that formal negotiations would not begin until conditional reforms are carried out. These include bolstering the rule of law, and fighting corruption. The Commission is due to take stock at the end of 2022.

Foreign investors looking to invest in Moldova now like never before have many business opportunities after the Republic of Moldova received the status of candidate for EU accession. A lot will actually change for the country in terms of financial and institutional assistance. There are great strategic, and logistical effects for a neighbouring country to be recognised as a candidate state. Before this historical recognition, the EU and the Republic of Moldova signed an Association Agreement in June 2014 and the agreement has been in full effect since July 2016. The Deep and Comprehensive Free Trade Area (DCFTA) is an integral part of the Agreement. Moldova being already a country with candidate status has to implement all the reforms under the Association Agreement, including the DCFTA, which cover significant parts of the EU acquis.

The association agreement has the following benefits for Moldovan businesses:

- ▶ It reduces tariffs that Moldovan firms face when exporting to EU and makes customs procedures more efficient;
- ▶ Makes it easier for European companies to export to and import from the the Republic of Moldova;
- ▶ In addition, the agreement facilitates trade further by gradual approximation of Moldovan legislation, rules and procedures, including standards, to those of the EU.

The main benefit of candidate status, though, is economic, since it gives substantially better access to the EU market with over 445 million consumers for Moldovan goods and services, as well as better investment opportunities. Nowadays the EU is the

largest trading partner of the Republic of Moldova. For example in 2021 over 61% of Moldovan exports were to the European Union. After this decision, Moldovan exports will certainly increase much more on the EU market, because this status will provide significant support to Moldovan companies.

At the same time, due to the candidate status the Republic of Moldova will receive more and more investments in order to fulfill all the conditionalities of accession. The country will now benefit from closer inter-institutional and cross-border cooperation to target the five main objectives and thematic windows of the Instrument for Pre-accession Assistance (rule of law, good governance, sustainability, competitiveness and regional cooperation). These represent the main targets of the conditionality process, which aims at ensuring the convergence of candidate state with EU standards. The benefits of the EU accession are multiple, especially for entrepreneurs and ordinary citizens who will feel on their skin the results of these investments, funds allocated for the Republic of Moldova.

When a foreign investor comes to Moldova to invest, he has the following legal tools to mitigate political risk (for example expropriation): foreign arbitration clause, offshore accounts, political risk insurance, contractual sharing of political risk between sponsors and banks.

Of course, the country has homework to do before moving to the next stage of the accession process. But I am convinced that it will move as swiftly as possible and work as hard as possible to implement the necessary reforms. The changes needed for the EU accession would primarily benefit the state's democracy, economy and citizens.

To sum up, the European Council's decision is a historic moment and a crucial step on the path towards the EU. I am entirely convinced that the future of Moldova and its citizens lies within the European Union.

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