



# THE EUROPEAN UNION AND MOLDOVA

#StrongerTogether

June 2023



Due to its geographical location, the Republic of Moldova has been strongly affected by Russia's war of aggression against Ukraine. The EU continues to stand in solidarity with Moldova, to support its sovereignty and territorial integrity within its internationally recognised borders and is committed to continue strengthening the country's resilience, including in terms of energy security, enhancing cooperation on security and defence and supporting its reform path.

In May 2023 in Chisinau, President von der Leyen announced a **support package** for the country with two objectives: support in addressing the impact of the Russia's aggression on Ukraine and bringing Moldova closer to the European Union. The support package contains key priorities already delivering immediate results.

Facilitating **economic development and connectivity** through the Priority Action plan for trade under the DCFTA, delivering the flagship projects under the Economic and Investment Plan (EIP) in key sectors such as supporting SMEs, energy efficiency, human capital development and connectivity. Moldova will also benefit from projects under the Solidarity Lanes initiative and access to the Connecting Europe Facility for transport projects. The EU is also working towards a long term roaming agreement, building on the recent voluntary agreement to reduce roaming prices

Support to Moldova's reforms by strengthening **administrative capacity** and increasing participation in EU programmes like Horizon Europe, Fiscalis, Customs, LIFE and EU4Health.

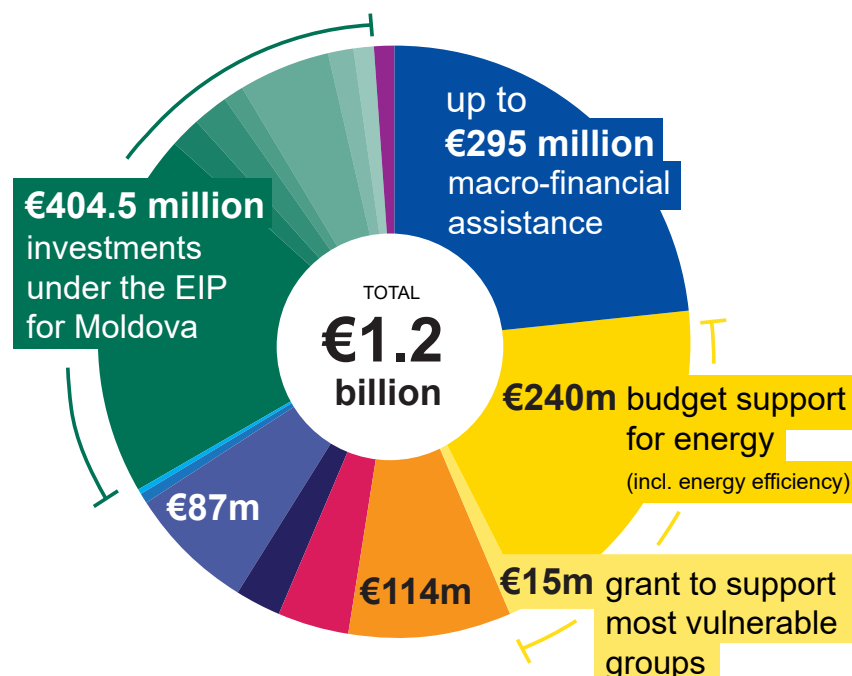
Enhancing Moldova's **energy security**, by increasing domestic electricity and renewables production and participating in EU common gas purchasing mechanism.

Enhancing Moldova's **security** with targeted actions, including by expanding cooperation through the EU Partnership Mission to Moldova

Countering foreign information manipulation and interference and enhanced **strategic communication**.

## EU'S OVERALL SUPPORT TO MOLDOVA SINCE 2021

Since October 2021, **€1.2 billion** has been made available for Moldova by the EU, the European Investment Bank and the European Bank for Reconstruction and Development.



### Investments under the EIP

- **€250 million** EIB loan guarantees by the EU for roads IV
- **€24 million** EIB loans and **€23.5 million** EBRD loans for Moldova's national rail operator
- **€15 million** in grants and **€60 million** in EIB and EBRD loans for energy efficiency
- **€20 million** EU grant + **€12 million** loan from EBRD for Solidarity Lanes

- **€114 million** bilateral assistance (to boost economy, energy and justice reform)
- **€48 million** humanitarian assistance
- **€30 million** support for border management
- **€87 million** European Peace Facility

- **€8 million** support to cybersecurity, fight disinformation and the refugee crisis
- **€3 million** independent local media
- **€13.3 million** for the EU Partnership Mission (EUPM) Moldova from the CFSP budget

## ENERGY SECURITY

To help Moldova face the acute energy crisis caused by Gazprom's sharp reduction of deliveries and Russia's increased attacks on Ukraine's energy infrastructure, the EU supports Moldova in improving its energy resilience and in ensuring stable electricity and gas supplies.

With EU assistance, Moldova has made its first purchases of gas and electricity from the EU, and the country can participate in the joint gas purchasing mechanism. Reduction in energy demand is also prioritised to ensure Moldova's energy security.

Since December 2021, **€135 million** in EU budget has been made available also to help vulnerable people pay their energy bills.

In November 2022, during a visit to Chisinau, Commission President Ursula von der Leyen pledged further financial support on energy to Moldova, as part of the **€250 million** package, including a further €105 million in budget support for 2023.

The EU is now deploying its rescEU energy reserve to send **36 power generators** to Moldova. The generators will be distributed between **30 hospitals** across the country.

Upon an agreement with the Commission in May 2023, Moldova will be associated to the **Connecting Europe Facility (CEF) programme**, which will enable the country to apply for EU funding for projects of common interest in the fields of energy in addition to transport and digital services.

## ECONOMIC DEVELOPMENT AND CONNECTIVITY

The EU is currently providing macro-financial assistance worth up to **€295 million** in total. This includes a **€150 million package, recently increased by up to €145 million. So far €100 million** has already been disbursed. It constitutes important support from the EU to one of the countries most directly and heavily impacted by Russia's war of aggression against Ukraine.

As part of the financial package announced by President von der Leyen on 10 November 2022, in addition to the MFA increase, there was **€105 million** in budget support for 2023.

Since July 2022, the EU has increased the quotas for seven agricultural products, not yet fully liberalised under the **EU-Moldova trade agreement**, to further alleviate the difficult situation faced by Moldovan producers and exporters because of Russia's unprovoked and unjustified military aggression against Ukraine. Overall, exports from Moldova to the EU increased from **€1.8 billion** in 2021 to **€2.6 billion** in 2022.

In May 2023, the Commission proposed to remove all remaining tariffs and quotas, thereby introducing temporary full trade liberalisation regarding Moldovan imports into the EU until July 2024. Road transport agreements signed between the EU, Ukraine and Moldova in the framework of the **EU-Ukraine Solidarity Lanes** initiative also help ensure secure supply chains and food security.

## THE ECONOMIC AND INVESTMENT PLAN

The EU supports Moldova with investments in flagship projects in key sectors such as supporting SMEs, energy efficiency and investments in Solidarity Lanes. Under the IIP, in cooperation with European financial institutions, the EU aims to mobilise up to **€1.6 billion in public and private investments**, of which **€673 million** have been already allocated for **five flagships** identified together with the Moldovan authorities:



Direct support for 50,000 Moldovan SMEs



Construction of an Inland Freight Terminal in Chişinău



Refurbishment of district heating systems in residential buildings in Chişinău and Bălţi



Anchoring Moldova in the Trans-European Network for Transport



Investing in Human Capital Development



The EU is Moldova's largest trading partner and biggest investor. In 2022, the EU accounted for approximately 59% of Moldova's total exports and 49% of its total trade.



## HUMANITARIAN ASSISTANCE AND CIVIL PROTECTION

Since the start of the war, Moldova has faced an unprecedented wave of refugees with over **700,000 people** fleeing the war and entering the country and over **100,000** still on Moldovan territory.

The EU has provided over **€48 million** in humanitarian assistance to Moldova, notably to support vulnerable Ukrainian refugees and the families hosting them meet their basic needs like food, shelter, and healthcare.

With EU humanitarian support, Moldovan authorities have established over 60 Refugee Accommodation Centres across the country. Since March 2022, the World Food Programme (WFP) has delivered more than **1.5 million** hot meals to refugees from Ukraine residing in these accommodation centres thanks to funding from the EU and other donors.

18 EU Member States and Norway have offered in-kind assistance to Moldova through the EU Civil Protection Mechanism. It includes amongst others, shelter items, medical aid, food and energy supplies. Given the magnitude of needs, the Commission has also mobilised medical equipment from the rescEU medical stockpiles based in Germany, Hungary and the Netherlands.



## SECURITY AND RESILIENCE

The EU also supports cybersecurity and the fight against disinformation , **as well as to support refugees (€8 million)**, modernisation of the armed forces allowing for better protection of civilians during crisis and emergencies through the European Peace Facility (**€87 million**), and independent local media (**€3 million**). The EU has launched a civilian CSDP mission – EU Partnership Mission (EUPM) Moldova – (**€13,3 million**) to strengthen the resilience of the security sector in the areas of crisis management and hybrid threats, including cybersecurity, and countering foreign information manipulation and interference (FIMI). The EU has made available **€30 million** for border management and to help Ukrainians arriving through Moldova.



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## EU INTEGRATION PROCESS AND REFORMS

The relations between the EU and the Republic of Moldova are based on the **EU-Moldova Association Agreement** including its Deep and Comprehensive Free Trade Area, providing for stronger political association and economic integration between the EU and Moldova.

On **3 March 2022**, Moldova presented its application for EU membership.

On **17 June 2022**, the Commission delivered its Opinion.

On **23 June 2022**, the European Council endorsed the European Commission Opinion, giving Moldova a European perspective and **granting the country candidate status**.

