

**ADDRESS BY  
MR IURIE LEANCĂ,  
PRIME MINISTER OF MOLDOVA**

## TRANSCRIPT OF STATEMENT

PRIME MINISTER LEANCA: Dear Mr President Chakrabarti, dear Prime Minister Tusk, dear colleagues, Commissioner and esteemed audience, it is an honour to be here, with you at the European Bank for Reconstruction and Development's Annual Meeting and to represent the Republic of Moldova, which in *per capita* terms is one of the key recipients of loans in the EBRD's region of operations.

As of 2013 the EBRD's portfolio in my country consisted of 105 accomplished or ongoing projects worth around €820 million. More than 43 per cent of this money has been invested in the financial sector and about 32 per cent of it has supported many infrastructure projects. These two sectors are of key importance for sustainable economic development in Moldova.

This is why I would like to express my deep gratitude to the EBRD for the continuous support it has provided over the years.

Thank you, again, very much for the invitation and the opportunity to speak in the Opening Session of the Board of Governors about the key reform priorities and challenges faced by the Republic of Moldova.

I was asked to speak today from the perspective of a post-Soviet country. However, I would like to use this opportunity in such a high-level event to stress that Moldova has very much evolved from its past and has moved forward. I want to convey a clear message that Moldova no longer sees itself as a former Soviet republic.

Over the past nearly five years, Moldova has made decisive steps to establish closer and irreversible ties with the European Union, modernising its institutions, improving governance and pursuing structural reforms in the economy.

As a result of our efforts, on 28 April, Moldovan citizens were granted the freedom to travel across Europe without any barriers. Since the visa regime has been lifted we are now free to go to most EU countries, members of the Schengen Agreement. This is a key promise that the Government has delivered on. It is a strong success for my country and a symbol of our deepening relationship with the European Union.

However, this is only the beginning: once Moldova signs the Association Agreement and enacts the Deep and Comprehensive Free-Trade Area with the European Union, our goods and services will gain access to the European common market, which is the largest and most prosperous in the world. I am delighted that during this visit yesterday to Moldova the President of the European Council, Herman Van Rompuy, announced the EU's readiness to sign the Association Agreement on 27 June this year. The Association Agreement and the DCFTA is an unprecedented opportunity for our economy and our country; however, we are worried that the extent to which our economy and our people will benefit largely depends on the decisions taken and the policies put into place by the Government in Chisinau.

Without strong and competent institutions and without a proper rule-of law state, the benefits of closer ties with the European Union will not be fully felt and appreciated by the citizens of my country.

This is why we have taken bold steps to increase the transparency of our institutions; have pushed through a package of difficult but vital reforms to enhance the freedom but also the responsibility of our judiciary; and adopted legislation to curb corruption at all levels. Graft, in

my view, is the most serious stumbling block to Moldova's development in all its economic, social and democratic aspects. For decades, it has become entrenched at all levels, in most institutions, and it is far from easy to root out. It must be a far-reaching and comprehensive process, where Moldova's entire society and the Government will put an end to corrupt practices and integrity will gain ground, institution after institution and sector after sector.

As Moldova continues to work to improve the business environment, we are very interested in working more closely with the Bank on these issues.

In this context, as the President of the EBRD indicated by signing a Memorandum of Understanding with Ukraine regarding an Anti-Corruption Initiative, I would like to request such a support for Moldova, with a focus on improving the investment climate by fighting corruption. For us, it will be of extreme importance to work with the EBRD in this respect and to build on the EBRD's successful experience in the region.

It is obvious that only a policy of zero tolerance towards corruption can ensure a clean and fair economic environment, where entrepreneurial potential can flourish and where ambitious public policies and development projects can be fully implemented.

In order to turn the DCFTA into a major benefit for our economy, to generate an inflow of foreign investments and boost the start-up rate of local businesses, the Government has consistently eliminated regulatory barriers to entrepreneurship; yet, a lot remains to be done.

When we launched the Prime Minister's Economic Council last year, with help from EBRD - and many thanks for this very important endeavour - I said that the Government must become a reliable partner to entrepreneurs, big and small alike, foreign and local, and must commit itself to creating an open, trustworthy and predictable business environment. This is a mindset which we must have in all our public institutions. My recipe for promoting business reforms is simple: the Government must cater to the needs of businesses, and never the other way round, as is frequently the case. This is why we have consistently simplified regulations, cut red tape and curbed gratuitous procedures and unnecessary costs of doing business.

Indeed, it is not *just* a free trade agreement that we are signing with the European Union; we are putting policies into place to ensure that this agreement lives up to its name - *Deep* and *Comprehensive* - and this is one of the core missions of our Government. In order to open the door to the prosperity that our people want and deserve, the reforms we implement aim to generate jobs and growth by attracting investment and stimulating the integration of local SMEs into the European supply chains.

High operating costs, unclear procedures and lack of transparency are particularly damaging to all small businesses, which have limited financial and professional reach. These barriers stifle SMEs, keep them uncompetitive, prevent them from trading across borders and, in the end, turn them into easy prey for monopolies. This is especially true for Moldova, where the contribution of SMEs to GDP is nearly half the EU average.

Our task is to unblock the potential of our SMEs by increasing their access to finance, simplifying regulations and protecting competition. We pay special attention to SMEs as a source of growth and jobs. A clean and efficient economic environment is also particularly important for the SMEs to deliver employment opportunities and social stability.

Though much remains to be done, both our Government and our business environment are now undeniably much more open, more transparent and less bureaucratic than they were five years

ago; but entrenching these trends and turning them into habits obviously takes time. It is a continuous process: only by maintaining a reform-focused state of mind will we be able to progress. The Economic Council, to which I have already referred, is at the very centre of this process, bringing together businesses and public institutions and helping them work together to formulate policies that are business-friendly and to accelerate key economic reforms.

The EBRD has been an extremely important partner for Moldova. The progress we have achieved in enabling economic growth, in creating jobs for our people and opportunities for our businesses, in providing them with accessible finance, in improving competitiveness and rehabilitating our infrastructure, would not have been possible without the EBRD's help. We appreciate this invaluable help in making our country a better place to live in.

Ten years ago, in May 2004, we witnessed the biggest enlargement in the EU, with the accession of ten new members, most from the former communist bloc. We are today in one of these countries. Twenty years ago, Warsaw was a rather grey city; people were poor and the economy was sluggish. Ten years ago Poland joined the EU as a proud new member. It is enough to just take a short walk through the city to observe the positive changes Europe has brought for the people of Poland, for the Polish economy and for the country as a whole.

Dear Prime Minister Tusk, congratulations on these enormous changes and transformation of your country; and thank you very much for setting an excellent example, which is the best inspiration to my country. This is our most important argument in advocating ever closer ties with the European Union. Let me also express my gratitude to you, Prime Minister, and to your Government because, if I may say so, after graduating from the university of transition you have not forgotten about countries that are still in the very difficult and painful process of transition. Beyond the political support that you offer to countries of the region, including Moldova, let me thank you for the fact that today our finance ministers will sign a loan facility of €100 million for agriculture. This is a loan with excellent financial terms and will complement what the EBRD, the European Investment Bank, the European Commission and many other members of the EBRD do in helping us in overcoming the challenges and difficulties in this period.

Thank you very much for your attention.