

Declaration concerning principles and guarantees of the Transnistrian settlement

The Republic of Moldova and Transnistria (referred to hereinafter as the Parties to the negotiating process),

As well as mediators from the OSCE, the Russian Federation and Ukraine, and observers from the European Union and the United States,

Sharing general interest in consistent implementation of measures aimed at achieving political settlement of the Transnistrian conflict on the basis of the norms and principles of international law and OSCE standards,

Being convinced that independence, sovereignty and territorial integrity of the Republic of Moldova, including the inviolability of its internationally recognized borders, are key factors in maintaining stability and security in Europe,

Have adopted this Declaration:

1. General provisions

1.1. The Parties, mediators and observers proceed from understanding that the final political settlement of the Transnistrian problem and restoration of the sovereignty and territorial integrity of the Republic of Moldova within the borders as by 1 January 1990 may be based on establishment of agreement between the Parties to the conflict concerning the issues of:

- (a) Determining the status of Transnistria, including distribution of powers between the Parties;
- (b) Achieving unity of democratic standards and strengthening confidence-building measures;
- (c) Achieving unity on methods, modalities and schedules for demilitarization;
- (d) Establishing legal, social, economic and political guarantees for the population of Transnistria.

1.2. The Parties step up their efforts to achieve a peaceful and lasting resolution of the Transnistrian conflict that will lead to a viable, internally stable State based on democratic values and principles, supported democratically by the population and having firm and balanced support of the international community.

2. The Republic of Moldova and Transnistria

2.1. The Republic of Moldova within its internationally recognized borders is a sovereign, independent, democratic, law-based and neutral state founded on the principle of territorial integrity and single defense, customs, economic, currency and monetary area.

2.2. The Republic of Moldova contributes to development of democratic institutions and processes, civil society and market economy.

2.3. The Republic of Moldova has a multi-ethnic society and the country strictly honours its international obligations in the field of human rights and fundamental freedoms of all its citizens,

including the rights of people belonging to minorities. The Republic of Moldova guarantees to all citizens living in its territory the right to preserve their mother tongue and to create conditions for learning and developing it.

2.4. Transnistria is an administrative-territorial unit in form of a republic within the Republic of Moldova.

2.5. The status of Transnistria within the Republic of Moldova will be determined by Law on the Special Legal Status of Transnistria and will be confirmed accordingly in the Constitution of the Republic of Moldova.

2.6. The Parties will submit to the mediators (the Russian Federation, Ukraine and the OSCE) and to the observers in the negotiating process (the EU and the US) a proposal concerning setting up by them an International fund to provide financial, technical and other assistance in implementation of structural reforms, strengthening democratic institutions and social rehabilitation in the post-conflict development of the Republic of Moldova.

3. Unification of democratic standards and confidence-building measures

3.1. The Parties, mediators and observers proceed from understanding that only mutual confidence-building measures and achievement of unified democratic standards between the Parties to the negotiating process can provide a firm basis for finally working out an equitable status for Transnistria.

3.2. The Parties, mediators and observers consider that the prime task in this connection is:

(a) Guaranteeing conditions for free movement of persons, goods and services;

(b) Removal of any obstacles to freedom of action of the Parties' political parties and nongovernmental organizations, assistance to full development of civil society, and promotion of democratic values and human rights throughout the territory of the Republic of Moldova;

(c) Removal by the Parties of any obstacles to freedom of action of both nationwide and regional mass media.

3.3. The mediators and observers support the moves to step up democratization of the Republic of Moldova in framework of its obligations to the Council of Europe and also on the basis of the EU-Moldova Action Plan and they acknowledge these measures to be a favourable basis for settling the Transnistrian issue.

3.4. The Parties, mediators and observers support the steps concerning alignment of the democratic standards of Transnistria to the nationwide standards of the Republic of Moldova and they regard this as a genuine legal basis for formation of plenipotentiary delegations of the Parties to the negotiations on definitive formulation of the Law on the Status of Transnistria.

3.5. The Parties, mediators and observers consider it expedient to set a quota for representation of Transnistria in the nationwide Parliament of the Republic of Moldova, which consists of 101 members. The rule on representation by members from Transnistria is defined as a proportion between the number of voters living in Transnistria and the number of voters living in the rest of the Republic of Moldova. This being the case, elections to the Parliament in course of next two convocations take place on the basis of formation of two corresponding constituencies.

Elections will take place on the basis of party lists of the national and regional parties in the districts in question. On expiry of mandates of the following two convocations of the Parliament, elections will be held on the basis of a single electoral district.

4. Demilitarization and security

4.1. The Parties, mediators and observers recognize that the new object of international efforts should be gradual demilitarization of the Parties, social rehabilitation of military personnel, and strengthening of confidence-building measures on the basis of creation of joint armed forces.

4.2. The Parties, mediators and observers expressed joint opinion concerning the need to exclude military component from future measures for ensuring peace and have agreed to support an international mission under OSCE mandate to monitor the Parties' demilitarization process and to assist in creation of joint armed forces. The international mission will comprise military and civilian observers (necessarily including representatives of the Russian Federation, Ukraine, the EU and the US) and will work in close contact with the Parties to the negotiating process. Duration and powers of the International OSCE mission to monitor the demilitarization process will be specified in the mandate.

4.3. The Parties affirm their willingness to eliminate by 1 July 2008 heavy materiel and weapons, volley-fire systems of any type, rocket and other defensive/offensive weapon systems, and all types of weapons, which availability is at variance with the Republic of Moldova's international obligations in the sphere of security and with the aims of the political settlement of the Transnistrian problem.

4.4. The limits of the demilitarization will be determined by the tasks of creating a single defense area, joint armed forces that is appropriate to the security challenges in the region. The armed forces will be formed and will operate on the basis of territorial principle of replenishment of military units and cannot be used to ensure law and order and public security in the territory of the Republic of Moldova.

4.5. The Parties, mediators and observers consider that creation of joint armed forces, reduction of the weaponry and strength of military sub-units and the social rehabilitation of military personnel - this process being assisted and monitored by the international OSCE mission - will become a decisive stabilizing factor in the process of reintegration of the Republic of Moldova.

4.6. The Parties, mediators and observers consider that the operation carried out on the basis of the Agreement of 21 July 1992 between Moldova and Russia on "Principles of Peaceful Settlement of the Armed Conflict in the Transnistrian Region of Moldova" has essentially achieved the aims that were set. The concluding stage of the operation is elimination by 1 January 2009 of the special arrangements for functioning of the "security zone" withdrawal of all military contingents deployed in accordance with the aforementioned Agreement, and transfer of monitoring functions in the area to civilian authorities of the Republic of Moldova and Transnistria.

4.7. The mediators and observers appreciate the Republic of Moldova's position concerning preservation of the neutral, non-allied status of the State, and prohibition on deploying within its territory other countries' military bases and military facilities, and they also welcome the Russian Federation's willingness to complete the process of withdrawing troops and armaments from the territory of the Republic of Moldova by 31 October 2007.

4.8. Following implementation of the agreements set out in points 4.2. to 4.7., the Republic of Moldova will undertake to ratify the amended Treaty on Conventional Armed Forces in Europe.

5. Guarantees

5.1. The Parties, mediators and observers express common opinion that a substantial contribution to the final settlement of the Transnistrian problem will be made by strengthening practical mechanism of legal, political and economic guarantees for the population of Transnistria.

5.2. By "mechanism of guarantees" the Parties, mediators and observers understand set of measures and documents aimed at achieving a political settlement having regard for interests of the parties to the conflict in unconditional observance of the norms and principles of international law, and respect for the sovereignty and territorial integrity of the Republic of Moldova.

5.3. With regard to the economic guarantees:

(a) The Republic of Moldova undertakes to preserve unchanged currently operative mechanism of temporary and permanent registration of economic operators located in Transnistria, and also the mechanism for carrying out export and import transactions pending a definitive political settlement.

(b) The Republic of Moldova confirms that all property currently owned by inhabitants of Transnistria, and the industrial potential, used as basis for activities by all economic agents of the region will not be and cannot be subject to any claims by the Republic of Moldova.

(c) Within a month from signing of this document, the Republic of Moldova will guarantee economic agents in Transnistria legislative recognition, on receipt of an application on their rights to the ownership of facilities and enterprises, which have been temporarily or permanently registered in the Republic of Moldova.

5.4. With regard to the political guarantees, Transnistria will have the right to withdraw from the Republic of Moldova in the event of a voluntary renunciation by the latter of sovereignty and international legal personality.

5.5. With regard to public-law relations, the following are to be regarded as guarantees of the final settlement

- (a) Law on the Special Legal Status of Transnistria;
- (b) Consolidation of the special legal status of Transnistria in the Constitution of the Republic of Moldova;
- (c) Consolidation of the provision concerning the impossibility of revising the special status of Transnistria without the mutual agreement of the Parties;
- (d) Guaranteeing constitutional, legislative and judicial protection for all forms of property throughout the territory of the Republic of Moldova.

6. Final provisions

The provisions of this Declaration may not conflict with the generally accepted norms of international law, nor will they be interpreted or applied in contravention of existing international treaties and agreements to which the Republic of Moldova is a party, decisions of the OSCE and the UN, or in contravention of the principles of sovereignty and territorial integrity of the Republic of Moldova.

From the Republic of Moldova

From Transnistria

With the participation of:

From the Russian Federation

from Ukraine

From the OSCE

In the presence of:

From the European Union

From the United States of America

Draft

LAW ON THE SPECIAL LEGAL STATUS OF TRANSNISTRIA

Guided by aspiration for earliest and full settlement of the Transnistrian problem by exclusively peaceful, political means,

Acknowledging responsibility for preserving sovereignty and territorial integrity of the country, ensuring civil peace, mutual understanding and social harmony,

THE PARLIAMENT has adopted this fundamental LAW.

Chapter 1. General provisions.

Article 1.

(1) Transnistria is an administrative-territorial unit with special legal status in form of a republic within the Republic of Moldova.

(2) The representative body of Transnistria shall be the Supreme Council.

(3) Transnistria shall have a Basic Law (Constitution), which shall be adopted by the Supreme Council of Transnistria.

(4) Transnistria shall have its own symbols (flag, coat of arms, anthem), which shall be used jointly with the symbols of the Republic of Moldova.

(5) Within the limits of its competence, Transnistria shall implement its own legal regulation, including adoption of laws and other regulatory acts.

(6) Transnistria shall have the right to set up and organize its own authorities and administrations, and to carry out legislative, executive and administrative functions.

(7) Transnistria's system of authorities shall be established independently in accordance with the Constitution and general principles of the organization of the legislative and executive bodies of the public authorities of Republic of Moldova.

(8) All the rights and freedoms provided for in the Constitution and legislation of the Republic of Moldova shall be guaranteed in the territory of Transnistria.

(9) The Constitution and legislation of Transnistria may not conflict with the Constitution and legislation of the Republic of Moldova; in the event of such conflict, the legislation and Constitution of the Republic of Moldova shall apply.

(10) The official languages of Transnistria shall be Moldovan in the Latin script, Ukrainian and Russian. All persons living in the territory of Transnistria shall have the right to use their mother tongue and to create conditions for learning and developing it.

(11) The records management of Transnistria and any correspondence with the public authorities of the Republic of Moldova, businesses, organizations and institutions located beyond the boundaries of Transnistria shall be conducted in Moldovan in the Latin script and Russian.

(12) Moldovan Leu - a single currency- shall be used and circulated as the sole means of making payments in Transnistria. The single issuing centre shall be the National Bank of the Republic of Moldova. Any decision by representative body of Transnistria concerning issuing banknotes and coins with a specific design shall be implemented by the National Bank of the Republic of Moldova. The volume of issuing such banknotes and coins shall be determined by the National Bank of the Republic of Moldova. Their appearance shall be agreed on with the National Bank of the Republic of Moldova. The banknotes and coins issued in this way shall be recognised as the legal means of payment throughout the territory of the Republic of Moldova.

(13) The budget of Transnistria shall be formed through the tax system of Transnistria, which shall be a constituent part of the tax system of the Republic of Moldova. That said, state taxes and duties collected in the territory of Transnistria shall also form part of the budget of Transnistria. At the same time, the expenditure part of the budget of Transnistria shall, through transfer to the state budget, make provision to cover one sixth of the expenditure of the state budget of the Republic of Moldova. This source may not be used to offset any deficit in the state budget of the Republic of Moldova.

(14) There shall not be any transfers from the state budget of the Republic of Moldova to the budget of Transnistria to cover current expenditure. On the other hand, financing by the state budget of the Republic of Moldova of general state programmes and state capital investments shall include Transnistria.

(15) Transnistria shall have the right to withdraw from the Republic of Moldova if the latter voluntarily renounces sovereignty and international legal personality. The decision shall be deemed to have been taken if as a result of a referendum a majority of votes in favour have been cast by voters on the electoral lists for the territory of Transnistria.

Chapter 2. Distribution of powers between the public authorities of the Republic of Moldova and the authorities of Transnistria.

Article 1. For the purpose of implementing the provisions of this Law, there shall be consolidation of the distribution of powers between the public authorities of the Republic of Moldova and the authorities of Transnistria.

Article 2. Powers of the public authorities of the Republic of Moldova:

- (1) Adoption and amendment of the Constitution and laws of the Republic of Moldova, monitoring their implementation;
- (2) State structure, territory and administrative-territorial divisions;
- (3) Establishing general state standards for safeguarding human rights and freedoms and the rights of national minorities, observing and ensuring legality and the rule of law as well as supremacy of the law, and also the taking measures to ensure implementation of such standards at national level;
- (4) Citizenship; emigration and immigration matters;

- (5) Establishing system and determining organizational and operational arrangements for formation of the legislative, executive and judicial bodies of the Republic of Moldova;
- (6) Formation of state bodies;
- (7) Defense and the Armed Forces; matters of war and peace; security; defense industry; determining arrangements for sale and purchase of weapons, munitions, military technology and other military goods; production of toxic materials, narcotic drugs and arrangements for their use;
- (8) Foreign policy and international relations; participation in international organizations for membership of which international legal personality is a condition, and also in international organizations where it is not; establishing diplomatic relations with other states; establishing relations with international organizations; conclusion of international treaties and agreements;
- (9) Ratification of international treaties and agreements;
- (10) External economic relations, regulation of general principles of external economic activity;
- (11) Establishing common legal bases for market economy; financial, currency, credit, customs and anti-monopoly regulation, emission of money; determining bases of price policy; general state economic administration, including the National Bank;
- (12) Establishing bases for policy and programming in sphere of state, economic, ecological, social, cultural and national development;
- (13) State budget, taxes and duties;
- (14) Determining status and defense of the national border and airspace; rules governing border areas;
- (15) Judicial system, law-enforcement bodies; criminal, criminal-procedures and criminal-enforcement legislation, amnesties and pardons; civil, civil-procedures and arbitration-procedures legislation; legal regulation of intellectual property;
- (16) Establishing general rules for selection and appointment of officials of court and law-enforcement bodies, lawyers, notaries;
- (17) Legal regulation of organization and operation of general national parties and movements;
- (18) Establishing minimum standards in spheres of healthcare, education, labour relations, pensions and social security;
- (19) Public property and its management; establishing rules and procedures in matters of ownership, use and disposal of land and mineral, water and other natural resources;
- (20) Energy systems (with exception of distributive systems), transport (railway rolling stock and locomotives), road and rail links (railways, railway bridges, flyovers and underpasses, arterial roads of European importance and means of constructing them), communications (international wire and radio-relay communication systems, radio frequencies), aspects of the

state and customs border configuration;

(21) Establishing minimum acceptable standards for exploitation of nature, environmental protection and ensuring ecological security; protection of nature reserves, historical and cultural monuments;

(22) Establishing general arrangements and coordination of actions to deal with catastrophes, natural disasters and epidemics and elimination of their consequences;

(23) Meteorological service, general and reference standards, metric system and calculation of time; geodesy and cartography; naming of geographic features; official statistical records and accounting;

(24) Conflict of laws;

(25) State awards and titles.

Article 3. Powers of the authorities of Transnistria

(1) Adoption and implementation of Transnistria's own legislation;

(2) Foundation and formation of own authorities and administration;

(3) Appointment of civil servants to posts in Transnistria's government and institutions;

(4) Carrying out executive and administrative functions within the limits of its jurisdiction for the purpose of safeguarding human rights and freedoms, observing and ensuring legality and supremacy of the law in accordance with the Constitution of the Republic of Moldova;

(5) Calling, organizing and conducting elections to the Supreme Council of Transnistria;

(6) Right of legislative initiative of the Supreme Council of Transnistria in the Parliament of the Republic of Moldova;

(7) Right of the Supreme Council of Transnistria to apply to the Constitutional Court of the Republic of Moldova regarding recognition of constitutional laws and regulatory acts of the public authorities of Transnistria and the Republic of Moldova;

(8) Setting up Central Electoral Commission of Transnistria and forming its staff;

(9) Calling elections to the local public administrations of Transnistria;

(10) Conducting local referenda;

(11) Setting up a system of municipal and local authorities in Transnistria;

(12) Establishing tax-collection system in accordance with the Basic Law of Transnistria, legislation and Constitution of the Republic of Moldova, incorporating such taxes in the revenue of Transnistria's budget and administering their expenditure;

(13) Property and economic activity matters in Transnistria;

- (14) Setting up and maintaining with resources from the own budget a system of representations in other states, which do not have the status of diplomatic or consular institutions;
- (15) Participation in international organizations, for membership in which international legal personality is not a condition;
- (16) Matters in spheres of health-protection, education, labour relations, pensions and social security in Transnistria, taking account of standards established at a nationwide level;
- (17) Matters of ownership, use and disposal of land and subsurface resources, water and other natural resources on the basis of nationwide rules and procedures;
- (18) Matters relating to legal proceedings in Transnistria, including creation and activity of courts, in accordance with the Constitution and legislation of the Republic of Moldova;
- (19) Officials of court and law-enforcement bodies, lawyers and notaries in Transnistria in accordance with the legislation and Constitution of the Republic of Moldova;
- (20) Cultural and historic heritage, art, monuments, architecture, archaeology, as well as scientific heritage of local importance;
- (21) Legal regulation of the organization and activity of associations carrying out cultural, artistic or charitable activities and activities to promote social welfare, etc., in Transnistria;
- (22) Legal regulation of organization and activities in the spheres of sport, leisure and entertainment in Transnistria;
- (23) Establishing titles and awards;
- (24) Other matters transferred to the jurisdiction of Transnistria from that of the Republic of Moldova.

Article 4. The powers falling within the exclusive jurisdiction of Transnistria shall be established by this Law and may be supplemented or modified only with the agreement of the public authorities of the Republic of Moldova and the authorities of Transnistria. Any disputes arising in connection with the exercise of powers which cannot be resolved in other ways must be examined by the Constitutional Court of the Republic of Moldova.

Article 5. For purpose of participation in carrying out the Republic of Moldova's internal and external policy in matters affecting the interests of Transnistria, the latter shall be represented in:

- (1) The Government of the Republic of Moldova. The Head of the Government of the administrative-territorial unit of Transnistria shall by right be one of the deputies of the Prime Minister of the Republic of Moldova;
- (2) The Supreme National Security Council, answerable to the President of the Republic of Moldova. Staff of the Supreme National Security Council answerable to the President of the Republic of Moldova shall include from Transnistria ex officio, the Head of Transnistria and the Chairman of the Supreme Council of Transnistria;
- (3) The Constitutional Court of the Republic of Moldova;

- (4) The Supreme Court of Justice;
- (5) The collegial bodies of the Prosecutor-General's Office and the Ministry of the Interior.

Chapter 3. Guarantees and transitional provisions

Article 1. Any financial obligations of Transnistria arising or continuing as on the date of entry into force of this Law shall be met from the budget of Transnistria, transfers from the state budget may not be used to meet such obligations.

Article 2. Any financial obligations of the Republic of Moldova arising prior to the entry into force of this Law and having to be met after that date shall be met from the revenue of the state budget with deduction of monies received from Transnistria.

Article 3. Any international obligations, other than financial, of the Republic of Moldova accepted prior to the entry into force of this Law, shall be recognised by Transnistria.

Article 4. In Transnistria, items of public property, which fall within the jurisdiction of both Transnistria and the Republic of Moldova, shall be in use. The right to public property located permanently in the territory of Transnistria and not ascribed to the jurisdiction of the Republic of Moldova (in accordance with the provisions of Chapter 2, Article 2/20) of this Law) as on the date of adoption of this Law shall be recognised as belonging to Transnistria, shall be protected in accordance with the legislation in force and may not be reconsidered without the agreement of the public authorities of Transnistria.

Article 5. The Republic of Moldova shall guarantee maintenance of the recorded level of social protection (wages, pensions, grants, social and other benefits, allowances, health services and access to other welfare services) for all categories of the population of Transnistria. That said, the level of social protection in Transnistria must not be lower than that established by legislation in the country as a whole.

Article 6. The Republic of Moldova shall guarantee that occupied posts will be maintained for employees of the law-enforcement agencies of Transnistria (police, customs and border guards in addition to managers and employees of the central apparatus of the "Ministry of National Security"), those working in the Prosecutor's Office, in courts, as lawyers or as notaries and other officials of Transnistria, and also that they will have access to similar posts throughout the territory of the Republic of Moldova. Moreover, employees in the said categories shall retain their service record (years of service) in the corresponding posts and shall be guaranteed corresponding pension rights.

Article 7. The guarantees set forth in Chapter 3, Articles 5 and 6, shall be provided by legislative and regulatory acts of the Republic of Moldova and Transnistria drawn up and adopted prior to the end of the transitional period, which is fixed at ...years, while during the transitional period the guarantees shall be provided at expense of the budget of Transnistria.

Article 8. Regarding general legal relations, guarantees shall be ensured by the Law on the Special Legal Status of Transnistria and by consolidation of the provisions on the special legal status of Transnistria in the Constitution of the Republic of Moldova.

Article 9. The Republic of Moldova shall be the guarantor of implementation of the powers of Transnistria stipulated by this Law.