



Center for Strategic & International Studies
Washington, DC

CENTER FOR STRATEGIC AND INTERNATIONAL STUDIES

CSIS STATESMEN'S FORUM

"THE REPUBLIC OF MOLDOVA: THE NEW PATH OF REFORMS"

**VLADIMIR VORONIN
PRESIDENT OF MOLDOVA**

CENTER FOR STRATEGIC AND INTERNATIONAL STUDIES
1800 K STREET, NW
WASHINGTON, D.C.
WEDNESDAY, DECEMBER 18, 2002
11:30 AM

*Transcript by:
Federal News Service
Washington, D.C.*

JOHN HAMRE: Ladies and gentlemen, good morning. Welcome. We're delighted to have you here. My name is John Hamre. I'm the President of CSIS. And let me tell you how completely surprised I am to see such a strong turnout here on the week before Christmas in Washington.

Oh, excuse me. Let's get a headset for the President. Let me also make an administrative announcement. Please turn to Channel 6 for English and Channel 5 for Russian. Okay? And for those that are seriously challenged, you know, with Russian, look at Number 6. Otherwise, turn into Channel Number 5, please, for Russian.

We're delighted that you're here. And I am very pleased that so many people would come. When we received the invitation and the opportunity from the Ambassador to be the host for the Statesman's Forum, I must confess to have been very reticent, because at this time of the year to get a significant turnout for an event is hard. But we have a very strong turnout, and I think that that is evidence of how important this session is and how important it is for us to hear from President Voronin.

When we were talking briefly before we walked in, I told the President that I trace back my academic training and have a very fond feeling in my heart for Moldova, because when I was a young graduate student I was assigned the task of trying to learn more about agriculture techniques, new agricultural techniques, and they said study pig farming in Moldova; this is what you ought to study. So this was hard. Let me just tell you, for a graduate student in Washington, D.C., where do you go to learn about pig farming in Moldova? And my adviser at the time was an adjunct faculty member at Johns Hopkins and he was working full-time at the State Department. So I thought I would go to the State Department. Everything that was available was so highly classified; I couldn't see it.

So in desperation one afternoon, I called over to the United States Department of Agriculture and asked, do you have anything on pig farming in Moldova? And they said, oh, yeah, we've got a big file on that. Would you like me to make copies and send them to you? You're the first person that asked. And, through the generosity of the United States Department of Agriculture, I learned about Moldovan agriculture. And it was only -- it was the first time that I had a chance to learn about Moldova, and I've had a secret passion in my heart for Moldova ever since, largely to overcome my very deeply ingrained ignorance about the country.

What I did learn, and what I think we now know is that, I don't know if any of you follow geology, and there's something called plate tectonics, you know, where big continental plates rub and grind up against each other. You know, it's the cause of earthquakes when these plates grind against each other. Well, in many ways, Moldova is at one of those grinding plates. It's a grinding plate where the past is grinding against the future, where the ethnic conflicts in the region grind in Moldova. Moldova's history, frankly, traces back to very difficult times in this region. It has been at the grinding plate of history for a very long time.

Now, I say that for a very important reason, and that is there are a lot of people in Washington who want to judge the success of other countries by our progress through history. And that would be grossly unfair. We have to step back and understand what are the challenges that are unique to this region, the ethnic, the cultural, the linguistic, the political history, the grinding plates that Moldova has had to go through for the last 70, 80 years. And if you don't understand that, you can't understand the particular set of challenges that Moldova is going through right now. Measured by a very -- by an American standard where we are ignorant of that history, people here in the United States would say there are disappointing developments in Moldova. That would be unfair and wrong to not fully appreciate the complexity, President, of what you have to do and what you're trying to manage.

You will find people in the United States that have great hopes and aspirations, but not much knowledge about Moldova. That's why we're so glad you could be here today. You're going to help us, you're going to help us at CSIS, you're going to help us in Washington get a better understanding. Now, we are going to -- after listening to your speech, we are going to take questions from the audience and ask that you may respond to some of those questions. And undoubtedly you will get some hard questions. That's okay. That's understandable. You want them, because you want to use that as an opportunity to answer some of the very important questions that Moldova is facing and we're all facing.

Dr. Wallander will be collecting questions, if you have them, please write them on the card and pass them to people. There'll be people along the side who will collect the questions, and then I will go through them. I will make sure that they are intelligible when I ask them of you, President. But I go through this history to say I want people here to fully appreciate the complexities of what Moldova is going through right now. It is not an easy time. And that's why it's very important that you are here, President. We're delighted. And we should now turn to you.

And, again, let me remind everyone, please turn to Channel 6 on your headset so that you can hear the presentation, and then we will do the question and answer period immediately following.

Mr. President.

PRESIDENT VLADIMIR VORONIN: Dear friends, it's a great honor to me to speak in front of you today. I'm grateful for the organization of this opportunity for me, and I'm very happy to see in the hall, along with the people of an older age, there're many young people here who want to know as much as possible about my country, about our problems, about the state of affairs.

I will try, as the president of the CSIS introduced me, to speak frankly and openly about what's happening in Moldova today. Indeed, it's a great honor for me to speak in front of this highly reputable, worldly renowned center, such a think tank that is your center.

My presentation is called "Republic of Moldova: Ways for Reforms, the Path of Reforms." On the one hand, I believe it is a presentation of the current trends, intentions of the powers of Moldova. On the other hand, this is inviting you and other business circles, politicians, officials in the United States to cooperation in developing a successful economic model that my country is in great need of. I'm the third president of the Republic of Moldova, and apparently I'm the first one to face the issues of modernizing my country.

However, after 10 years of independence, our country is still one of the problematic countries of Southeast [Europe]. That's why I will speak not about the continuity of the political course, but, rather, new approaches in resolving the problems accumulated during this time. At the same time, I want to note that some of the problems are universal and may be chronic, and here not only to Moldova, but to most of the countries of Eastern Europe. But in Moldova especially, they have been revealed more in a greater contrast than anywhere else.

So what are these problems? Problem number one, internal division and high level of regional instability. After the conflict of 1992, our country is still broken up into two points. To a certain extent, the 1992 conflict which started this division was not an international but, rather, a political conflict, or, more frankly, a conflict of elites. Some of those political elites considered Moldovan statehood as a temporary phenomenon and were oriented towards integration with Romania by conducting intolerable policies with respect to ethnic minorities in the country. The other part tried to conserve the economic and political principles of the old Soviet system by being oriented towards Russia, but, to be more exact, on the nationalistic political segment of Russian politics.

The division of the country, lack of single customs, fiscal currency space, determined not only the halfway nature of the reforms, but also formed quite a cynical and dangerous philosophy of Moldovan sovereignty. Its essence was, and unfortunately still continues to be, that, in principle, never try to resolve the Dniester issue. This approach had its own economic and political reasoning. The economical one was that while Transdniestrian Republic, while not being recognized, became an offshore, or black offshore, and the interests in it were expressed not only by international criminal structures, but a great number of Moldovan officials and bureaucrats, including from the government of Moldova and Transdniestria. This republic became then a totalitarian enclave, which guaranteed international criminal structures by means of legalizing transit contraband, export of arms, and dual-use commodities.

So, de facto, a consensus occurred between the politicians on left and right shores of the Nistru River, which was a source of their fantastic enrichment unthought of for most of the representatives of legal business. The political benefit of this consensus was that it removed the problem of real economic and political possession of the country for the politicians of Tiraspol and Chisinau. In other words, the necessity to undertake radical steps in democratic renewal of the country on the basis of true market instruments, mechanics and standards, on the basis of a new compromise model of state government.

This criminal and political system enabled, for one of them, to exploit the idea of unity with Russia and defending from Romanization, and to the others by using the Russia threat to make declarations on European integration. The apogee of the cynicism relationship was

transferring of customs seals of Moldova to customs officers of Dniester Republic. In other words, legally, one side or the other one, Chisinau and Tiraspol, I mean, they legalized this black offshore. This happened six years ago. That's why I always considered and still consider that the problem of the Dniester Republic is not a geopolitical problem, it's not a problem of Russian military presence or real threat of Moldova being swallowed by Romania. It's first of all the problem of interpolitical. During the ten years of opposition between Chisinau and Tiraspol, in cities and centers a whole generation of new politicians, bureaucrats and officials was developed who are benefiting from this opposition by doing everything that never Moldova would become one and single, united again.

Problem number two: poverty and a repressive economic system. Moldova is called one of the poorest countries in Europe. No doubt, having the resources and energy dependence, lack of mineral deposits aggravated the negative consequences of transferring to a market economy, especially in the social area. The most vivid example of the social catastrophe is the labor immigration. We are not arguing against the fact that outside Moldova today, in Russia, in Portugal, Turkey, Italy, Greece, Germany and other countries, they are about one-third of the adult population of our country, which is about 600,000 people, and this is usually illegal immigrants who are in a very bad, dire strait. They are not protected neither by the laws of that country nor by the laws of our country. The immigration happens from villages and from cities covering all sorts of professions, computer programmers, doctors, teachers and unqualified, unskilled workers. The reason of this is de-industrialization of our country and a repressive economic system.

I must admit here that under most respectable markets, mantles or slogans formally -- by formally following the recommendations of authoritative international financial institutions, the Moldovan Congress and government have been conducting the anti-social and anti-market policies. A lot here is in common with other republics of the former Soviet Union. But nowhere the privatization took place in such an anti-market atmosphere, which reminded of Stalinist repressions directed against enterprises, against industries from science consuming to agriculture. This was, in fact, political privatization, where the change of the ownership was not for efficiency of management, not for making profits, but for the benefit of political slogans and in the interest of bureaucrats.

Moldova has just a few examples when the privatized enterprises were coming into the hands of international investors or Moldovan businessmen. In nine out of ten cases there were no investments after privatization, while the enterprises as real estate, land and equipment were objects of quick multi-reselling and destruction.

Behind each of these transactions there were the interests of not business, but of bureaucracy. This was the main business, and they were doing this for ten years. Interestingly enough, the same way the bureaucracy was related in reform in the social area. In the country most of the hospitals were closed, the expensive equipment was sold, and the buildings often were just brought apart as construction parts. This cannot be explained by actions of rational forces of the market. No. These are the consequences of some other terms and some other instincts. This created a special anti-market atmosphere in the country, from repressive taxing to police arbitrary measures. This became the reason that Moldova did not have a middle class

being born there, which is the basis of social and political stability in any society. Poverty in Moldova is not a disease which many suffer from. It is a real disease from which peasants, teachers, and unfortunately businessmen as well.

Problem number three: corruption and interpolitical instability. In Chisinau there is one region, district which the inhabitants call our Beverly Hills. This strip is a district of expensive villas. They're impressing by their richness and architecture. It's a big district, about 1,000 plots. The cheapest in these district are the houses of \$100,000 and up. We have conducted a study on the owners of this real estate. Of all those owners only 18 persons out of 1,000, 18 persons of 1,000 are businessmen. All the others are members of the governments that were replacing one after another, ten of them in all. This is the tenth government after independence. Also officers of various ministries, departments, customs, judges, prosecutors, former officers of the police, former deputies of the parliament and cabinet ministers. This is the visual apex of the criminal pyramid which was created basically by unresolved Dniester issue. This is the visual and lasting demonstration of corruption which has affected the entire state system and supplanted it. No doubt, corruption is the second of its importance of the political problems of the country.

I made some calculations. About 80 percent in this -- they have control, management, et cetera, et cetera, related to corruption. The abundance of various permissive and forbidding authorities of our bureaucracy, lack of liberal climate created a situation of fighting between various bureaucratic clans in order to grab those of the other's administrative and other beneficial posts. So this reflects -- the facts reflect this. The partisan that wins the elections gets great gain in their membership, because everyone tries to be a member of the winning party. This division, this whole power mad bureaucracy were the basis of chronic instability in the country and lack for many years of favorable investment climate and normal functioning of market legislation. This dictatorship of corruption has created the situation of lack of trust to courts and discrediting the law and its possibility of opportunity to defend the rights of people in Moldova.

Paradoxically, the creators of the system were the former Soviet nomenclature that quickly mastered the pseudo-democratic and pseudo-market rhetoric. This nomenclature has caused the gigantic foreign debt and poverty of the Republic. Currently all the former party secretaries and reformers are "at the steering wheel of our opposition." I believe this is a very, very demonstrative evolution, to be always on top, always on the very top.

Problem number four: uncertainty of foreign policy of Moldova. Moldova is a member of various prestigious international organizations, like CIS, GOAM, Organization for Stability for Southeastern Europe, WTO and others. However, Moldova was outside of those positive integrational processes that were happening and happened in Europe all these years. We're speaking first of all on European integration. For many years the political class of Moldova tried to clumsily balance between the West and the East, between Europe and Russia, by primitively interpreting global interests of both Russia and the West. The international cooperation was more of a kind of imitational nature, and diplomacy was limited to protocol, systematical tasting of wonderful Moldovan wines. This disoriented not only the great powers, but the citizens of Moldova, as well, and deprived the country of a good stable program of actions. Relations with Russia were cool, but the Russian troops were in Moldova. The relations with Moldova were of a high priority, fraternal, et cetera, but the country did not get any investments from Romania.

The impression has been developed that there was no future for the country. These were the problems which ultimately determined the results of the elections of February 25th, 2001.

The party of Communists, which I am heading, has gained 71 out of 101 seats in the parliament. This is more than a constitutional majority. But this majority had to resolve all these problems, to resolve them independently of political tastes or views which we had during the times when we were in opposition in the parliament. We have no right to neglect the trust of the people for the benefit of our own abstract doctrines. We realize that we were voted for mainly because and maybe primarily because people hoped to get the prospective of decent life in Moldova, and they see the biggest chance, even those voters for whom the word "communist" until recently was related or linked to gulag, with dictatorship, with Brezhnev, plutocracy and chauvinism. It was obvious that the country definitely needed real market reforms, and we knew that it was important to offer the algorithm of the reforms which would enable to reach the long awaited success. This algorithm was determined as following.

First, reunite the country, solving the Dniester issue. Secondly, fighting the corruption, de-bureaucratizing and economic liberalization. And third, a course towards European integration. Only these measures will bring my country to the conditions of a normal investment climate and stable development to resolving most of the social problems. Also true is the fact that all these measures would be impossible to be resolved today all at the same time. We started, naturally, with the Dniester issue. By establishing a stable, strategic partnership with Russia has got the trumps out of the hands of the separatist regime. The support of Vladimir Putin of our course on reuniting Moldova, on de-militarization of the Dniester region created unprecedented conditions for the integration of the country. A strategic partnership between Moldova and Russia, along with the actions on fighting Dniester contraband, movement of financial flows of mafias created real prerequisites for optimistic -- optimistical view towards perspective reuniting of Moldova.

The next impulse was the draft decision on Dniester suggested to OSCE in July of this year. The essence of this draft is that the basis of reintegration depends on high, contemporary legal standards and guarantees. Moldova gets away from the positions of unitarial state and becomes a country state of all the ethnic groups that constitute the people of Moldova. The leadership of the Republic immediately supported this draft, and we linked it to the real perspective of reunification of our Republic. We trusted the support of this draft from the United States, the EU, and after the summit in early December and by 55 countries of OSCE became the important moment in the history of Moldova.

Despite the fact that the Dniester Republic, Dniester separatists tried to block the negotiations, we are sure that we have passed more than half of the way towards reintegration. It's extremely important to us, and that's the reason why we're here today, that the United States government shares our optimism and our goals. Conflictless reintegration of Moldova is the main prerequisite for true economic and political modernization of our country to resolve all the four problems I mentioned a little earlier, creating the new legal area for reforms, and socioeconomic development, and resolving the problems of regional stability in the center of Europe. The start of actions in this area became the prologue to the war to corruption and bureaucracy. We have liquidated the dual standards in customs, politics, we've created a special

structure to fight corruption, money laundering and contraband. We have passed laws which enable to control issues of money laundering and contraband, and I can admit here that some of our actions against our own bureaucrats were misinterpreted by themselves.

First of all, like they said, we were fighting investors, investments, trying to make a step back. But to the contrary, indeed, we're trying to make both our investors and the foreign investors not be dependable on the bureaucrats, but make their decisions in accordance with the law and economic interests of the country, and the investors. The ownership that was acquired legally is sacred to us, and the condition of developing true market relations and free actions of the market. The measures on de-bureaucratization and liberalization of the economy is the next step in fighting the corruption. We have reduced the number of licensing kinds of activities, stabilized the rules for licensing by making the bureaucrats -- giving them less opportunities to change them as they wish. We simplified the registration of economic agents, who had to pass 22 different agencies when they wanted to do their business, and now it's done within 2 hours in one agency. Thus, we got the floor out from under the feet of the bureaucrats.

We fully understand and are aware that the investment climate is characterized by stable laws, equality, equal conditions for participants and free access to justice. This immediately has enlivened the economic life in Moldova, predetermining the economic development. Up until 2001, if we take as 100 percent the GNP of 1991, every year we had a decrease compared to '91. In 2000 we had only 34 percent of the level of 1991 in our GDP. Last year for the first time we got an increase on GDP by 6.1 percent. This year we expect a 7 percent increase more. I must emphasize here, and it's very important, that 75 percent of this economic development was from the small and medium sized businesses, in other words, private enterprises. It's their action. Moldova quickly reanimates the traditional areas of economy, agriculture, winery, industry. It's important that due to the measures taken only last year, investments in the basic funds were increased 30 percent, and we expect the same increases. However, we are preparing serious legal basis for stimulating the new high technology areas of economy oriented toward export and attracting a high qualified work force.

Another important task is creating incentives for developing small and medium sized business. We're developing a special program for tourism development. These are all the problems of next year, and we are preparing to resolve them next year.

The measures on de-bureaucratization and liberalization enabled us to resolve the chronic social debts which no one resolved in the past. Today we're not just paying the pensions and wages in time. Last year we have increased the retirement pensions by 60 percent, and this year we have increased them up to 20 percent more. Also, those who work in the cultural area, in education and healthcare, we have increased their wages by 80 percent, as well as scholarships in the universities and high schools. These scholarships increased twice. So this way we're trying to resolve the issues of social integration and solvency.

I could not say that all these changes are going smoothly, that everything is so smooth and with a good schedule. No, the experience practically shows that we need to reform our state construction. We need to improve the democratic mechanism. And we have seen severe opposition which opposes Moldovan statehood. The loud actions were in the Moldovan capital,

but they did not get support from the population. Nevertheless, we came to a conclusion that the tasks, the problems that the country is facing needs the maximum support from the public. The track of party battles is too narrow for real democratic reforms. That is why I have initiated the so-called "Social Treaty." In other words, continual dialogue with the public, trying to attract the public to prepare the legislative bills using the expert evaluations, and the parliament has passed on the first reading the present initiative on these issues.

I'm sure that this social treaty or -- well, social treaty, as we'll call it, will become the nonpolitical integration for the society and an additional mechanism for making very important state decisions. Among these important decisions, a special place is played by issue of European integration of Moldova. We understand how tough this is, and this is related not only to Moldova, though we need it first of all, but it is an issue of EU, whether they want to move eastward. Nevertheless, it's obvious that the fact of European integration for Moldova is and always will be the highest priority. There's no more competitive idea in modernizing economic systems in the European continent except European integration. In the recent summit of the heads of state of CIS in Chisinau, I spoke for the initiative last October, an initiative on reforming the legal standards of CIS on the basis of the European Union. I'm happy to admit that this was supported by Vladimir Putin. However, it did not get support from other nation members of CIS.

Nevertheless, by comparing ourselves to those of my colleagues in CIS, Moldova is moving towards European standards. We have established a state commission on European integration. And shortly we will adopt a concept of Moldova joining the EU. So we are coming to the specific actions. Soon, Moldova will be granted chairmanship in the Council of Ministers of the Council of Europe, which is very important, as well as an active role in the pact's stability.

As you know, most of the mentioned problems cannot be resolved by Moldova without the political support from the United States. Yesterday when I had a meeting with U.S. President, Mr. George Bush, we practically received that political support. We will always remember that the United States from the very beginning supported Moldova in its not easy movement towards the reforms. More than 50 percent of all the foreign aid comes from the United States. I'm happy that our relations are becoming more constructive and developing on the basis of improving our trade cooperation. The trading increased by 73 percent during the last nine months, and that's only the beginning. I believe that in due time, the neutral, demilitarized, stable Moldova will become very attractive for large American investment, as well as for banks, and world-known companies.

Today, the American-Moldovan partnership is a factor in our most important problem, reunification of Moldova. My meeting with President Bush just warmed up my optimism in this area. I'm sure that the decisive support from the United States and President Bush on the process of reintegration of Moldova will become the basis of those specific relations between the states which prove frankness, friendship and mutual understanding.

Thank you very much.

(Applause.)

JOHN HAMRE: Mr. President, would you like to sit or would you rather stand?

First of all, Mr. President, we've got excellent and very interesting questions, but I would like to just make one personal observation. My overwhelming reaction during your speech was one of embarrassment at how easy the political problems are in America compared to the problems you're dealing with. I mean, we're sitting here and we're trying to decide do we want to make our tax permanent, do we want to have prescription drug benefits, what do we want to do about global warming, and here you're wrestling with the very fundamentals of modern society. And so, first, I want to thank you for a very courageous and very constructive speech. You've done a very good job of outlining the complexity of the problems that you're facing, and I want to thank you for that.

Let me begin, and we've got a number of very, very good questions, let me begin by asking one that's a little bit of a different approach to this question of privatization and corruption. And the question is this, to what degree do you feel that we in the United States and the West contributed to the problem by making privatization the ultimate objective of the early transition for an independent Moldova? Did we make this part of the problem, and what should we now be doing to help you with this problem?

PRESIDENT VLADIMIR VORONIN: I cannot directly link who and how contributed from the outside. I know how this was done within our country. I know the other thing. The best model, the best idea can be discredited if it gets to the hands of people of low integrity, indecent people. And that's what actually happened in Moldova during privatization.

JOHN HAMRE: Mr. President, one of our questioners raised an interesting problem. Russia has been pushing to have dual citizenship for Russian citizens who live outside of their country. To what degree does that complicate your ability to manage the Transdniester problem?

PRESIDENT VLADIMIR VORONIN: Russia has never pressed the issue on dual citizenship. We have a multiethnic nation. Sixty-seven ethnic groups live in my republic. The greatest diaspora was from Ukraine. Of 4 1/2 million citizens, 650,000 are Ukrainians, 530,000 Russians, and many other minorities. I, myself, when I saw these processes that were started by Romanian authorities by free provision of Romanian statehood to Romanians living in our country, and having analyzed the situation, looking at what was happening with our citizenship, I spoke in the parliament when we were discussing the dual citizenship. We got a letter of former citizens of Moldova who are now living in Israel, citizens of Israel. They have asked us to have the ability to retain for them the citizenship of Moldova so they could easily come to our country, visit the cemeteries and meet with their friends and relatives. Having analyzed the situation on providing nationhood, citizenship, and if a person would be left with choosing only one citizenship, which could happen, and it did happen that people declined to be citizens of Moldova. And I spoke in our constitutional court introducing the dual citizenship. Recently we passed a decree, and now Moldova has a rule of second citizenship. So citizens of Moldova have a right to have another citizenship. So it's dual citizenship.

JOHN HAMRE: President, one of the members of the audience has raised the point that it appears that during the last several years relations between Moldova and Romania have deteriorated. Would you characterize it that way, and what do you attribute to be the causes of the tension and the strain now between Moldova and Romania?

PRESIDENT VLADIMIR VORONIN: Yes, that is so. There is a historical argument, and there's a contemporary issue. The reality will be as follows. Moldova has two neighbors, Romania to the west, Ukraine to the East. And our Moldovan traditions have a very good, old principle: always be friendly with your neighbors. You don't choose your relatives, but you have to choose your neighbors. Presidents will come and go, but the neighboring states, neighboring nations will remain there. This should be put in the basis of the policies that we conduct from both sides. We have deep feelings of respect and good intentions wholeheartedly (to) cooperate and would like to continue cooperation and friendship with Romania in the whole, with Romanian citizens. We do not want only one thing. We categorically oppose the formula of two Roman states, Romanian states, and we will not accept this formula of two Romanian states. We explained to the Romanian authorities this issue. This is the only condition, the only problem that exists between our countries. The imposing upon us the formula of two Romanian states is unacceptable. Moldova will remain to be independent country, and I strongly believe that we will be reunited, one single nation. And we categorically oppose the policies of two Romanian states. When this will be officially removed, there'll be no more obstacles to good, friendly relationship and cooperation between our nations. There will be the best and cloudless.

JOHN HAMRE: President, you spoke in your speech about transnational crime, and the patterns of crime and corruption that go beyond the country of Moldova, and really are regional in nature, and even larger than regional. You also spoke in your speech about the difficulty of finding the appropriate international space for Moldova to accomplish its national needs, but also to cooperate on transnational problems. How would you describe the degree of collaboration on transnational crime in the region? What should Europe be doing about it? What should the United States be doing to help?

PRESIDENT VLADIMIR VORONIN: The issues of integration within European structures, along with resolving the whole complex of political, economic and other issues have great importance in transnational corruption, criminal, mafia, et cetera. We have developed and adopted, looking at contemporary law on money laundering. We have agreements with special structures of European countries. We are members of Interpol and work along with Interpol in this regard. We ask our neighbors, Ukraine, Romania and others, to stop the contraband, stop the smuggling which comes from Nistru Republic, especially with arms. Fourteen enterprises in Nistru produce those kind of arms, from pistols up through the rockets that can have blowing a hole -- I mean, two acres of land just with one shot. After the events of 9/11 we entered anti-terrorist coalition the same month. We have created anti-terrorist structures, and we are ready to, if we find anyone, we would transfer them.

We are drafting the proposal and want to send a whole group of specialists to do some de-mining works in Afghanistan. We are not standing outside of the problems and steps of the international community. Wherever we have our potential and opportunity, we try to use and to work there, and also look for the assistance to us when we need it.

JOHN HAMRE: President, you spoke about the corruption, you spoke about transnational crime, and you've spoken about poverty, and of course, one of the symptoms of those three things is trafficking in women. How serious a problem is this, to your perception, for the region, not just for Moldova, but for the region. And again, what should we be doing in Europe, what should we be doing in the United States to help with this problem?

PRESIDENT VLADIMIR VORONIN: Contraband of women, of Moldovan girls is probably exaggerated. It does exist, but in not those proportions as sometimes described. I'm not saying it's good. Even if we're speaking about one woman to be smuggled across the border, it's a tragedy, and it's a big tragedy. We have developed -- at the government we have studied by Internet the experience, American experience, how you work in immigration. We did not have an immigration service. We are in the process of establishing that structure on all the border crossings in the country. We are establishing direct relations and have signed the first contract with the government of Italy in the area of organized immigration of work force to Italy, in order to do it legally, under the protection of laws of both Italy and Moldova. We are talking; have discussions with Greece and other countries, as well as with Russia. We're working in this regard.

Of course, the level of well being, education, culture and other issue of a foreigner's social stability, of course they have the effect on this phenomenon. It's very bad, and we're trying to do all we can in order to resolve it. We actively participate with the media, with medicine, with the TV. They explain to the young people what stands behind here, the flux on this has been reduced greatly in recent years.

JOHN HAMRE: Several of our members of the audience are interested business opportunities, and are interested in business investment policies for the government. And I have two questions. One was framed in a negative way, and one was framed in a positive way. So let me combine them. The question was, what are going to be your goals for bringing in foreign investment. And there has been some difficulty in the past with changes of policies regarding investment, and that tends to cause business communities to stay away. So how can you both encourage with positive incentives, and then stability, an investment policy climate for Moldova that would attract foreign capital?

PRESIDENT VLADIMIR VORONIN: The way you have formulated the question, I fully agree with you that we must do more in the area of protecting the investments. But we do not have a single case with some of the investors, any investor would be treated unfairly. There are various investors. I'm not speaking about those who are present here. I don't speak about those present here. But there are various psychologies. There are some people who want to come today with \$1 of investments and leave tomorrow with \$1 million in profits. There are other people who are investing in the economy. Those who want to work on a long-term basis, who want to invest into the production, in the industry, they will not have any problems whatsoever. We can guarantee that not only by words, but by the laws of our state, which after the expert evaluations are not any worse than any European laws or standards in investment protection. If something should be improved or strengthened, we can do that. Having a constitutional majority in the parliament, we can do it very easily.

JOHN HAMRE: That was a fortuitous introduction to the next question, which was one of our members of our audience pointed out that in the last election, the Communist Party won 51 percent of the vote, but now has 70 percent of the seats in the Parliament. How do you feel -- that obviously gives you good control in producing change, but it does raise questions about the representative nature of the government over time. Do you have thoughts about this?

PRESIDENT VLADIMIR VORONIN: I have both thoughts, ideas, and responses. The losers should know how to lose, but not to try to find the culprits. Let them start preparing for the next elections. During the last elections on the 25th of February 2000, we got 50.6 percent of all those who voted. That's already more than half. According to the majoritarian system and due to those parties that were not able to pass the lowest allowed level, we have gained 21 extra seats in the parliament. However, the elections were conducted under the law that was passed by previous parliaments. We have not changed a single comma in the laws. We played by the rules that were as of that date. Until we have won, they were the correct rules and they were agreeing with them. When they have come and when we have won, they say that the rules are bad; we don't want those laws. Okay. Let's say that after the opposition loses, let them be in the majority in the parliament, they'll be happy only, but that's not the way we do things. Political culture along with economic problems, the problems which I mentioned, we have to improve the political culture of our political class.

We have more than 30 parties, no concepts, no ideologies. They don't have so many people to support them. These are the couch parties, so all the members of the party can be placed on one couch or in one single room. But it's not serious, it's not a party. They come to power from one couch, how will they lead? Whom will they lead? They have led the country, ten governments during ten years. So we need the majority that guarantees, that gets the support of the people.

Last week, by the way, we had the first sociological poll in the country about how the people evaluate their powers. And one of the questions was, if the elections would take place next Sunday, which party would you vote for? How many percent did the Communists win in that poll over the other parties? Sixty-seven percent said that if the election would be next Sunday, 67 percent would vote for Communists.

In my presentation, I did not say one thing; one thing I missed; I must say it now. People voted not for Communists and not against other parties, they voted for order. They are tired. They're bored. They voted not by ideological reasons. They did not vote so we would bring the country back to the Soviet power. It is impossible, theoretically, and practically we are not planning to do it. Never get away from the path of reforms and democracy. Do you know what is our main principle in our work today, in our theory for today. The main principle is very simple: to fight not the rich, but fight the poorness, the poverty of the country. And fighting the poverty, that's our main goal, and that's what I want to do.

JOHN HAMRE: President, we would be glad to send you some more election officials from Florida, if you think that would help.

(Remark off-mike.)

HAMRE: We'd send some election officials from Florida if you think that would help. I'm teasing. We don't have a lot that we can advise you on, I'm afraid.

PRESIDENT VLADIMIR VORONIN: I'm not familiar with that. That's not our problem.

JOHN HAMRE: You indicated in your speech the importance for Moldova to find in its formula for space in the larger national community in Europe, and your desire for integration into Europe. Of course, one of the center pieces for European integration is the process of setting aside regional problems and conflicts. And obviously that brings to the fore the question earlier that you addressed, which was relations with Romania. Give us your views about how you and Romania together can help work this problem for your goal to be integrated into the European community.

PRESIDENT VLADIMIR VORONIN: Thank you. During the annual Francophonie nations, Moldova is one of them because our linguistic roots are based on the Roman language group, took place in Beirut, I believe, in September. I met, tete-a-tete, with the President of Romania, Mr. Iliescu. We agreed that in the early 2003 a group of advisors from both our presidents, Moldova and Romania, will sit together and try to develop the measures on significant improvement of our relations. This is for the benefit of both our nations, both our people. We must find a compromise, because in Prague during the summit it was a sign that Romania shortly will become a member of NATO, and that will border Moldova, and that's important within the European integration, regional security.

So we will try to find the solution just in friendly, amicable way, tete-a-tete. The only problem is, the obstacle is two Romanian states. There're no other problem. This is the only one, and we have to resolve it. And we will be there. We will be in those negotiations.

JOHN HAMRE: President, we know that we are at the end of the time that we were allowed to have you. We are very grateful we've had this opportunity. As you can see from this very large audience, and from the very strong questions, there is great interest in your coming to Washington. You've spoken with passion, with great energy. You've laid out a very aggressive agenda for Moldova, an agenda that I would argue America should embrace. We are a country that has gone through our hard times. We're now frankly in very easy times by comparison. But what you outlined, a government of the people, a government that provides services to the common people, a government against corruption, a government that wants to live peacefully with neighbors, these are the dreams of America too.

So I want to thank you for a very strong, very powerful statement today, Mr. President.

Celeste, would you join me, and we have a modest presentation we would like to make to the President in the hopes that you will come back to Washington.

Thank you all very much, ladies and gentlemen. If you would like to have a word with the President on his way out, please come up and say hello.

(Applause and end of tape.)