

PROPOSALS AND RECOMMENDATIONS
Of the mediators from the OSCE, the Russian Federation, Ukra
with regards to the Transdnistriian settlement

The Republic of Moldova and Transdnistriia,

Striving for a rapid and final settlement between the Republic of Moldova and Transdnistriia exclusively through peaceful political means,

Recognizing the principles and norms of international law,

Recognizing their responsibility for the unification of the country, upholding civil peace, trust, mutual understanding and harmony in society,

Taking as a basis the provisions of prior agreements,

Manifesting their good will in the name of peace and stability in the given region of Europe,

Have agreed upon the following:

The reunited Republic of Moldova is a federal, democratic state with an integral territory and based on the democratic rule of law (hereafter 'the Federal State').

The Federal State is a subject of international law.

The form of state government is a republic.

The policies of the Federal State are aimed at creating conditions ensuring a decent life and free development of the individual.

The composition of the Federal State includes subjects – special territorial federal units (hereafter 'federal subjects').

Transdnistriia is a subject of the Federal State.

A federal subject has the right to its own constitution and legislation consistent with the Constitution of the Federal State.

National sovereignty is vested in the people of Moldova, who are the only source of state authority in the Federal State.

The people shall exercise their authority directly and through bodies of state authority and of local government.

The Constitution and laws of the Federal State have supremacy on its entire territory.

The Constitution of the Federal State and federal laws on competences of the Federal State adopted consistent with it apply directly to its entire territory.

Ratified international treaties and agreements of the Federal State and generally accepted principles of international law shall have precedence over the legislation of the Federal State.

The individual, his or her rights and freedoms are the highest value in the Federal State.

Recognition, observance and protection of human rights and freedoms and rights and freedoms of the citizen are the responsibility of the Federal State.

Every person is guaranteed legal protection of his or her rights and freedoms.

Decisions and actions (or failure to act) of the organs of the entire system of authority in the Federal State, of public associations and officials can be contested in court.

Every person has a right, pursuant to the international treaties to which the Federal State is a party, to appeal to the international instances on human rights protection in case all instruments of legal protection existing within the state have been exhausted.

Free movement of people, goods, services and financial resources is effected within the economic sphere of the Federal State, and freedom of economic activity is upheld.

The establishment of internal customs borders, duties, dues or any other barriers obstructing free movement of people, goods, services and financial resources shall not be permitted on the territory of the Federal State. Restrictions on movement of goods and services can be introduced pursuant to the laws of the Federal State provided this is necessary for ensuring the safety, protection of life and health of people, protection of the environment and cultural values.

All forms of property – private, state and other – are equally recognized and protected on the territory of the Federal State.

In the Federal State shall be observed the principles of separation, independence and interaction of the legislative, executive and judicial branches of authority during their exercise of power in accordance with the provisions of the Constitution of the Federal State.

In the Federal State as well as in all its federal subjects political diversity and political freedoms are ensured, including the right to establish political parties.

The status of each of the federal subjects is determined by the Constitution and laws of the Federal State. This status cannot be changed without clearly expressed consent of the federal subject in question.

The list of competencies reserved exclusively for the Federal State includes the following:

- Adoption and amendment of the constitution and laws of the Federal State, and control over their observance;
- Ratification of international treaties and agreements pertaining to competencies of the Federal State;
- State structure and administrative and territorial division of the Federal State;
- Setting national standards in the sphere of protection of human rights and freedoms, protection of the rights of national minorities, maintaining and upholding law and order, the rule of law and implementation of measures for their application on federal level;
- Citizenship of the Federal State;
- Establishing the legislative, executive, and judicial; systems of the Federal State and the procedures of their organization and functioning;
- Forming bodies of Federal State authority;
- Defence of the Federal State, including the creation and maintenance of armed forces, establishing legal basis of and regulations for the manufacture, sale and purchase of weapons, munitions, military equipment and military property;
- Foreign policy and international relations; participation in international organizations for which a condition of membership is to be a subject of international law, and also in those international organizations in which the above is not required; establishing diplomatic relations with other states; establishing relations with international organizations; concluding international treaties and agreements;
- When international treaties and agreements involving competences of federal subjects are concluded, preliminary consultations with the authorities of the subject in question are held pursuant to the regulations stipulated by the laws of the Federal State;
- Foreign economic relations and foreign economic obligations of the Federal State; regulation of common principles of foreign economic activity of federal subjects;
- Determining and implementing policy pertaining to immigration and migration issues;
- Setting common legal bases of a market economy; financial, monetary, credit, customs regulation, currency emission; determining the foundations of price policy; the functioning of economic agencies, including the National Bank, on the entire territory of the Federal State;
- Matters pertaining to the budget, taxes and duties of the Federal State as well as common principles of taxation in federal subjects;
- Determining the status and regime, protection of the state border and airspace of the Federal State; border zones regime;

- Criminal procedure and civil procedure legislation; regulation of intellectual property by law;
- Establishing common principles of structure of the system of public authority and local self-government;
- Setting minimum standards in the sphere of public health, education, labour relations, pensions and social welfare;
- Establishing general federal rules and regulations on matters pertaining to ownership, use and disposal of land, mineral resources, water and other natural resources;
- Setting general federal minimum standards acceptable in management of nature, environment protection and ensuring environmental safety; protection of nature reserves, monuments of history and culture;
- Establishing general regulations for and coordination of activities related to catastrophes, natural calamities, epidemics and their management;
- Establishing general rules of selection and appointment of personnel of the judiciary, the Bar, the State's Notary Office;
- Meteorological service, weights and measures system, time measurement, geodesy and cartography, official statistics and accounting;
- State awards and honorary titles of the Federal State.

Every federal subject has exclusively within its competence powers stipulated in its constitution or its act of formation, within the framework of and pursuant to the provisions of the Constitution of the Federal State. Powers reserved exclusively to the competencies of each federal subject can be augmented or altered only with the consent of the legislative bodies of the Federal State and federal subject. Disagreements arising with regard to the exercise of powers by a federal subject which cannot be resolved by other means should be arbitrated by the Federal Constitutional Court.

The list of competencies reserved exclusively to the federal subject of Transdniestria (hereafter Transdniestria) includes the following:

- Establishing its own organs of authority and of government of the federal subject within the framework of the Constitution of the Federal State;
- Formation of organs of authority of the federal subject, appointment of office-holders to offices in government and institutions of Transdniestria;
- Exercising executive and administrative functions aimed at protection of human rights and freedoms, protection of rights of national minorities, observance of and upholding law and order and the rule of law within its territory;
- Establishing the system of direct taxation, crediting of revenues to the Transdniestrian budget and regulations for expenditure of revenues, consistent with the Constitution, laws and general principles of the Federal State;
- Adoption and application of Transdniestria's own legislation within the framework of the Constitution and the laws of the Federal State;
- Matters pertaining to property and economic activity within Transdniestria, consistent with the Constitution of the Federal State;

- Establishing Trade-Commerce and Registration Chambers, legislative regulation of their activities;
- Maintaining international ties, foreign economic and trade relations consistent with the Constitution and legislation of the Federal State; concluding international agreements pertaining to competencies of Transdnistria; establishing representations, which do not have status of diplomatic missions and consulates, in other states;
- International agreements on subjects within Transdnistria's competencies enter into force subject to being approved by the relevant Transdnistrian authorities;
- Participation in international organizations for which the status of subject of international law is not a condition of membership;
- Establishing a system of organs of municipal and local self-government within Transdnistria consistent with the Constitution and legislation of the Federal State;
- Matters pertaining to healthcare, education, labour relations, pensions and social welfare in Transdnistria taking into consideration standards set at the federal level;
- Matters pertaining to ownership, use and disposal of land, mineral resources, water and other natural resources on the territory of Transdnistria taking into account general federal rules and regulations;
- Matters pertaining to legal proceedings on the territory of Transdnistria, including establishing courts and their activity, consistent with the Constitution and legislation of the Federal State;
- Personnel of the judiciary and law-enforcement agencies, the Bar, the State's Notary Office in Transdnistria consistent with the Constitution and laws of the Federal State;
- Cultural and historical heritage, art, monuments, architecture, archaeology and scientific patrimony of local significance;
- Regulation by law of the organization and activities of associations engaged in educational, cultural, artistic, charitable activities and activities pertaining to social assistance, et al. within Transdnistria;
- Regulation by law of organization and activities in the sphere of sports, leisure and entertainment on the territory of Transdnistria;
- Other matters clearly designated in the legislation and Constitution of the Federal State or transferred to Transdnistria by the Federal State.

Within the limits of the competencies of the Federal State, delegation to Transdnistria of powers pertaining to the adoption of its own legislative norms within the framework of the principles designated by the law of the Federal State is permitted.

Mechanisms controlling Transdnistrian legislative norms within Transdnistria should be set up, without violating judicial authority of the Federal State.

The Federal State can transfer to Transnistria those powers of the Federal State which are inherently subject to transfer. In each specific case, control by the Federal State and transfer of the appropriate financial resources should be provided for.

Outside the competencies of the Federal State and its powers pertaining to competencies reserved exclusively for the Federal State, Transnistria enjoys the full plenitude of state power.

A single currency exists in the Federal State. Currency emission is effected exclusively by the National Bank of the Federal State. With the agreement of the National Bank and the Federal State, banknotes and coins with a special design may be emitted by a subsidiary branch of the bank of Transnistria.

Constitutional laws are adopted pertaining to the competencies of the Federal State, having direct effect on the entire territory of the Federal State.

Outside the competences of the Federal State, Transnistria enacts its own legal regulations, including the adoption of laws and other normative legal acts.

Laws and other normative legal acts of Transnistria must not contradict the laws of the Federal State. In case of such contradictions the law of the Federal State applies.

The system of public authorities of Transnistria is established by Transnistria independently, consistent with the fundamental principles of the constitutional order of the Federal State and the general principles of the organization of the legislative and executive bodies of the state authority.

For the purposes of exercising their powers, the executive authorities of the Federal State can appoint appropriate officials to respective local territorial and municipal bodies.

Executive bodies of the Federal State can delegate the exercise of some of their powers to the executive bodies of Transnistria by agreement with the executive bodies of Transnistria, provided this does not contravene the Constitution and laws of the Federal State.

Executive bodies of Transnistria can delegate the exercise of some of their powers to the executive bodies of the Federal State under agreement with the executive bodies of the Federal State.

On the territory of the Federal State legislative, executive and judicial powers are exercised directly by the Federal Parliament, Federal President, Federal Government and federal courts respectively, and in cases stipulated by federal law these powers are exercised by relevant authorities of the federal subject.

In the Federal State, only those federal state institutions are created which are necessary for effective exercise of those powers within its competencies and for

effecting coordinating procedures between the bodies of the Federal State and Transdnistria.

The Parliament of the Federal State consists of two Chambers: Upper and Lower (the names of these chambers are designated by the Constitution of the Federal State).

Election of members of the Upper and Lower Chambers is carried out in conformance with the law on the basis of equal and direct suffrage by free secret ballot.

The number of members of the Upper and Lower Chambers is established by the Constitution and laws of the Federal State.

The Upper Chamber is constituted on the basis of administrative and territorial criteria.

The Lower Chamber is composed of the members elected in single member constituencies and/or single constituency in conformance with the proportional electoral system of the Federal State in conformance with the laws of the Federal State.

The election of the Parliament, organization of its activity, as well as its powers are established by the Constitution and laws of the Federal State.

The power to initiate laws belongs to the President of the Federal State, Members of Parliament, the government of the Federal State and the legislative organ of Transdnistria.

Bills are introduced in the Lower Chamber.

Laws of the Federal State are passed by the Parliament by majority vote in each Chamber of the Parliament, unless otherwise provided in the Constitution of the Federal State. Laws passed in the Lower Chamber are submitted to the Upper Chamber for consideration within fourteen (14) days.

Should a law adopted by both Chambers be rejected by the President within fourteen (14) days from the moment of its submission to him, the Parliament debates the given law again in accordance with established procedures. If during the second reading the law is approved in its redaction approved earlier by three-fifths of the votes in each Chamber of the Parliament, it is subject to promulgation by the President of the Federal State.

Constitutional laws are adopted on matters stipulated by the Constitution of the Federal State. A constitutional law is considered to be passed if it is approved by a two-thirds vote in each Chamber of the Parliament.

The President of the Federal State is the Head of the State.

The President of the Federal State determines the basic course of domestic and foreign policy of the Federal State in accordance with the Constitution and laws of the Federal State.

The procedure for election of the President of the Federal State is established by the Constitution of the Federal State.

In this respect, the President of the Federal State can be elected either by a nationwide vote or at a joint session of both Chambers of the Parliament.

The President of the Federal State can be dismissed from office on the basis of the Constitution of the Federal State.

The President of the Federal State submits for approval by the Federal Parliament candidates for positions in the organs of state power and administrative agencies of the Federal State, and proposals pertaining to the structure of the Government of the Federal State.

Executive power of the Federal State is exercised by the Government of the Federal State. The formation of the Government, organization of its activities and its powers are established by the Constitution and laws of the Federal State.

Justice in the Federal State is administered solely by the courts. The judicial system of the Federal State is established by the Constitution of the Federal State and its laws.

During the period in which the Federal State is being developed, measures of mutual confidence between the Federal State and Transnistria function and are strengthened.

It will be necessary to work out and put into effect an integrated system of guarantees for complying with and enforcing agreements which will be reached as a result of the Transnistrian settlement negotiation process in the five-sided format, with the participation of the Republic of Moldova, Transnistria, the OSCE, the Russian Federation and Ukraine.

Political guarantees provide for Transnistria's right to secede from the Federal State should a decision about the Federal State's accession to another state be adopted and/or on the grounds of total forfeiture by the Federal State of its status of a subject of international law. The possible secession of Transnistria from the Federal State is to be effected on the basis of a decision taken in a general referendum in Transnistria by a majority of voters registered in Transnistrian territory.

International legal guarantees provide that all agreements signed as a result of the Transnistrian settlement negotiation process shall be registered with the OSCE and deposited with the guarantor countries – the Russian Federation and Ukraine.

Legal safeguards provide for legislative enactment of all agreements that will be reached as a result of the Transdniestrian settlement negotiation process.

Economic guarantees include economic and financial support for the outcome of the Transdniestrian settlement. These include measures of economic support and coercive measures involving economic and financial leverage on that party which does not adhere to the agreements achieved.

The formation of the budget of the Federal State will be ensured by means of federal taxes, collections, other mandatory payments and by means of income from privatization and other uses of federal property. The formation of the budget of Transdniestria is ensured by means of regional taxes and collections established by Transdniestrian laws, and by means of income from privatization and other use of Transdniestrian property, as well as by means of transfers deriving from federal taxes, collections and other payments, established by the federal law. Composition and marginal rates of municipal levies, established by the federal law, fall under economic guarantees.

Measures pertaining to guaranteeing implementation of agreed provisions in social, cultural and humanitarian spheres should be stipulated.

Military guarantees include military-guarantee ensurance (*voenno-garantiinogo obespecheniia* – hereafter military guarantees) of conditions of compliance with and observance of the final agreements on a Transdniestrian settlement.

In order to implement the military guarantees, an appropriate multinational military contingent and multinational unarmed observers will be required.

The parameters of military guarantees are to be elaborated within the five-sided format that is currently in operation.

The role of the OSCE as an international organization that can take such military guarantees under its aegis should be considered.

The willingness of the Russian Federation and the Ukraine, as acknowledged guarantor countries, to take part in the military guarantees of the results of the Transdniestrian settlement should be considered.

The principles should be ensured of not permitting gaps in the military reinforcement of peace and stability and of the gradual transition from one format of military guarantees to another format.

Military guarantees are implemented with the agreement of the authorities of the Federal State and Transdniestria.

During the period in which the Federal State is establishing itself measures to enhance military transparency and trust are to be implemented, in particular, gradual reduction of military capacity, up to demilitarization.

Military guarantees should be elaborated consistent with the contents of the agreements on the Transdnistrian settlement.

Following adoption of the Constitution of the Federal State, the conclusion of final agreements on the settlement of the Transdnistrian question, a transition period shall be established, during which these agreements are to be implemented. All contested questions that arise shall be resolved with the assistance of the existing negotiating mechanisms and newly created conciliation mechanisms, with the assistance of mediators from the OSCE, the Russian Federation and Ukraine.