



Doing Business in Moldova:

2010 Country Commercial Guide for U.S. Companies

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Chapter 1: Doing Business In Moldova

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Market Overview

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- **Gross Domestic Product (GDP) and Foreign Direct Investment (FDI):** Moldova had eight continuous years of real GDP growth ranging from three percent to 7.8 percent from 2001 to 2008. In 2009, Moldova's economy suffered from the global economic crisis and GDP dropped an estimated nine percent. The IMF projects GDP growth of 1.5 percent in 2010. The period from 2000 to 2008 was marked by a steady increase in FDI, which then dropped in 2009. FDI in Moldova has not kept pace with FDI in similar-sized countries in Eastern Europe and the former Soviet Union such as Albania, Armenia, and Georgia. FDI inflows into Moldova in 2007 reflected a 43.6 percent jump from 2006 and reached USD 537.7 million, representing almost half of total FDI since Moldova's independence in 1991. This growth trend continued in 2008 with FDI rising to USD 868.31 million. However, with onset of the global economic crisis, FDI dropped to USD 231.05 million in the first nine months of 2009.

Budget and Inflation: The Government of Moldova (GOM) had maintained a prudent fiscal stance, recording small surpluses from 2006 to 2009. Inflation has been the main macroeconomic challenge in recent years, and, with the support from an IMF, the GOM pursued a tight monetary and fiscal policy and held inflation to 7.3 percent in 2008. However, in 2009 the GOM suffered a severe drop in revenues as a result of the global economic crisis. In addition, the previous Communist-led GOM was unwilling to cut expenses prior to 2009 parliamentary elections, preferring more populist positions promising rises in salaries and pensions. These factors resulted in a growing budget deficit. Inflation was 0.4 percent in 2009.

- **Trade Deficit and Remittances:** Among the peculiarities of Moldova's foreign trade in recent years has been a growing trade deficit. The country's imports have been growing at a higher pace than exports, reflecting a growing demand for consumer goods that local, underdeveloped industries have not been able to satisfy. The consumption leading to this trade deficit is possible because of the huge inflow of remittances from as many as one million Moldovan migrants working abroad. In 2007 Moldova ranked second in the world for the percentage of its GDP made up by remittances at 38 percent. In 2009, Moldova experienced a drop in remittances of approximately 30 percent as the economies declined in the countries where Moldovans were working abroad.

Exports and Imports: In the first eleven months of 2009, more than half of Moldova's exports (USD 1.16 billion) went to the EU (52.2 percent) and 38.2 percent to the

Commonwealth of Independent States (CIS) which includes the former republics of the Soviet Union minus Georgia and the three Baltic countries of Estonia, Latvia and Lithuania. The top destinations for Moldovan exports by country were Russia (22.4 percent), Romania (19.1 percent), Italy (10.6 percent), Ukraine (6.2 percent), Belarus (6.2 percent), Germany (5.9 percent), and Great Britain (4.7 percent). The bulk of Moldova's exports consisted of foods, beverages, tobacco, wine, vegetable products and textiles. Imports amounted to USD 2.92 billion in the first eleven months of 2009. The origins of Moldovan imports are Ukraine (13.9 percent), Russia (10.7 percent), Romania (9.7 percent), Germany (7.7 percent), China (7.5 percent), Italy (7.1 percent), and Kazakhstan (5.7 percent). Moldova's largest imports are mineral products, machinery, equipment and spare parts, base metals, chemical products, and vehicles. The United States is not among Moldova's top ten trade partners.

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- **Corruption and Bureaucracy:** Although Moldova is attempting to address the problem of corruption, its efforts have not gone far enough, and on-going corruption remains a disincentive to investors. Moldova is struggling with the legacy of a vast bureaucracy which enjoys significant discretionary power. Corruption and bureaucracy stifle entrepreneurship and the demand for economic reform that would come from a vibrant private sector. Although the government has introduced laws and regulations in harmony with EU legislation, implementation has lagged. Businesses face cumbersome licensing procedures, excessive authorization requirements, and a proliferation of fee-for-services to public authorities and commercial organizations. The business environment remains challenging.
- **Remittances, Energy Dependence, and Weather:** The large inflow of remittances has underpinned recent consumption-led growth but also exposes the economy to risks of a regional downturn. In 2009, migration slowed wages for migrants dropped, and some migrants returned. Dependence on Russian energy imports and an economy that is still inefficient in its energy use are challenges. Weather-related events such as drought and flooding pose a continuing risk to the agricultural sector.

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- **Productivity, Quality, Diversification:** Moldova's exports are dominated by the traditional export categories of foods and beverages. Moldovan companies need to raise production efficiency, improve product quality, introduce new manufacturing and service technologies, and diversify both the product structure and destination markets of exports. In 2008, U.S. exports to Moldova totaled USD 66.2 million. The lion's share (over 57 percent) of U.S. exports consisted of meat and poultry products. The next item was automobiles at just under 10 percent, followed by pharmaceutical products with seven percent and smaller numbers of computers, electronic appliances and agricultural machinery and equipment. In the same year, the U.S. imported only USD 12.2 million worth of goods. Over 65 percent of these imports were apparel and textiles. The share of wines and alcoholic beverages is around eight percent of U.S. imports from Moldova.

- **Free Trade with EU and CIS:** In 2007, the EU arrived at Moldova's border with the accession of Romania. In 2008, with the completion of the EU-Moldova Action Plan, autonomous trade preferences went into effect. Moldova also enjoys free trade with the CIS.

Market Entry Strategy

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- **Legal Counsel:** The U.S. Embassy strongly advises all U.S. companies to consider legal counsel before and while doing business in Moldova. Given the tenuous commercial environment and weak legal infrastructure, it is essential to obtain solid legal advice in structuring your company's investment. Furthermore, it is important to keep up with the ever-changing laws and regulations. Legal counsel can provide general advice on fluctuations in the commercial environment in Moldova and prevent disputes from emerging between partners. Moldovan laws and regulations are vague and open to considerable leeway in interpretation, providing ample corruption opportunities for officials at every bureaucratic level. U.S. businessmen are advised that partnership with a Moldovan company is a challenge that is beyond the ability of most U.S. partners and U.S. legal advisors to control.

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Chapter 2: Political and Economic Environment

Moldova remains one of the poorest countries in Europe. It enjoys a favorable climate and good farmland but has no major mineral deposits. The economy depends heavily on agriculture, featuring fruits, vegetables, wine, and tobacco. Moldova must import most of its energy supplies. Moldova's dependence on Russian natural gas was underscored at the beginning of 2009, when a Russian-Ukrainian gas conflict reduced the flow of gas and left some areas without gas including most of Moldova's separatist Transnistria region. Russia's ban on Moldovan wine and agricultural products from March 2006 to November 2007, coupled with price increases Moldova paid for Russian natural gas, slowed GDP growth in 2006. However, in 2007 and 2008 growth returned to the six percent level Moldova had achieved in the period 2000-2005, boosted by Russia's partial removal of the bans, success in finding new markets, and strong domestic demand driven by remittances from abroad.

Following parliamentary elections in July 2009, a new, four-party coalition called the Alliance for European Integration (AIE) came to power on September 25. The new Government of Moldova (GOM) is reform-minded and focused on European integration. However, the new Parliament has been unable to elect a new President and new parliamentary elections appear likely in fall 2010 or possibly spring 2011. Economic reforms have been slow because of corruption and strong political forces backing government controls. One of the government's primary goals is European integration. The granting of EU trade preferences increased exports to the EU, but long-term export success will depend on Moldovan producers achieving higher quality standards. The economy remains vulnerable to higher fuel prices, poor agricultural weather, and the skepticism of foreign investors due to a difficult investment climate. The unresolved frozen separatist conflict in Moldova's Transnistria region continues to be a drag on the Moldovan economy and limits the extent of foreign investment. The global financial crisis decreased remittances to Moldova, reduced governmental revenues, and crimped exports in 2009.

After eight years of steady growth, GDP dropped nine percent in Moldova in 2009. While the regional economic decline was partly responsible for Moldova's economic troubles, the reluctance of the previous GOM to reduce budget expenditures in an election year was an even greater problem. The IMF had long advised the GOM to be prudent, noting that remittances could be a volatile revenue source. The GOM derived approximately 70 percent of its revenues from tariffs levied on imports which were financed primarily by remittances. The new government has adopted measures recommended by the IMF to decrease budget expenditures, which has resulted in a reduction of the projected budget deficit in 2009.

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

<http://www.state.gov/r/pa/ei/bgn/5357.htm>

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Using an Agent or Distributor

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Selecting a local partner can be very advantageous for U.S. firms wishing to do business effectively in Moldova, though some large, established American firms work without a local partner. Gaining access to the market and collecting meaningful information can be difficult without local representatives who have contacts and have a better understanding of the business environment, legislation, and market. Local companies are usually willing to become agents and distributors for American firms. Before a U.S. firm makes any commitment, it is strongly recommended that a third-party evaluation be conducted on the prospective partner.

Distance interaction, such as simply sending catalogues, is usually not as effective as making direct personal contacts, where rapport can be built, questions and answers easily conveyed, and the credibility of a product and company established. As with other countries of the former Soviet Union, personal relations still play a very important role in building business partnerships. In an economy where the rule of law is not yet firmly established, the quality and depth of key business relationships are often the best protection against loss and are the key to market access.

The local partner may require significant support from the U.S. business in building a distribution network and reaching out to clients. Expecting a local distributor to be proactive and do everything on its own is not a safe assumption. One should keep in mind that a distributor could be representing other companies with products that could be in direct competition with the products and services of a U.S. company seeking to work with that particular agent or distributor. Before selecting a local partner it would be wise to explore what other products that partner distributes.

The U.S. Embassy can provide some basic counseling on registration requirements and procedures. However, the U.S. Embassy strongly recommends that interested U.S. companies seek legal advice on business registration. The U.S. Embassy can provide contact information for local consulting firms that offer professional legal advice in this area.

Every company doing business in Moldova must be registered with Moldovan authorities. The registration and activities of companies in the Republic of Moldova are regulated by the following regulations: the Civil Code, the Law on Enterprises and Entrepreneurship, the Law on Joint-Stock Companies, and the Law on State Registration of Legal Entities and Individual Entrepreneurs. Since the Law on Investment in Entrepreneurial Activity took effect in April 2004, the same legal requirements apply to both local and foreign businesses operating in Moldova. Similar registration procedures and nondiscriminatory registration fees have applied since October 1, 2004. The government has taken measures to streamline business registration procedures and introduced "one-stop-shop" windows.

According to Moldovan legislation, a foreign company may be registered as one of the following entities:

- sole proprietorship,
- general partnership,
- limited partnership,
- limited liability company,
- joint stock company,
- cooperative, or
- representation or branch office.

The limited liability company is the most popular form of legal registration among foreign businesses operating in Moldova. Joint-stock companies are a distant second. In choosing the registration mode, companies must consider the advantages and disadvantages of one over another. For example, by Moldovan law, a foreign company registered as a representation or branch office does not have a legal entity status and cannot engage in economic activities. For example, Microsoft has a representation in Moldova who does not sell Microsoft products. The Microsoft representative observes the activities of its distributors to ensure compliance with Microsoft quality standards and rules. Other companies distribute Microsoft software through sales in Moldova. U.S. businesses may prefer to seek majority ownership stakes in joint ventures to minimize risks in an already uncertain commercial environment.

A new company must be registered with a local branch of the State Registration Chamber of the Moldovan Ministry of Information Development. For the purpose of registration, a foreign company must provide the following documents:

- application for registration;
- resolution of establishment of the local company (indicates the senior manager and person authorized to sign constitutive documents);
- constitutive documents (articles of incorporation, charter, etc.);

- the commercial register of the foreign company's home country.

Any foreign citizen who founds a new company or acts as a senior manager must provide a copy of her/his foreign passport and criminal records from her/his country of origin and Moldova.

The regular procedure requires a U.S. company to notarize copies of its constitutive documents with the Consular Office of the Moldovan Embassy in Washington D.C. and have them translated into Romanian.

In March 2006, the Moldovan Parliament ratified the 1961 Hague Convention on Abolishing the Requirement for Legalization for Foreign Public Documents. Acceptance of U.S. apostilles applied on official documents by Moldovan officials simplifies the legalization of official documents.

Businesses pay fees totaling 857 Moldovan lei (approximately USD 70) for registration. The Registration Chamber approves registrations within five calendar days. Expedited one-day service for registration is available, but costs higher than the regular fee. Upon receipt of the registration certificate, the founder must provide proof of payment of the share capital. The Chamber will prepare the firm's constitutive documents as required by law. Moldovan legislation has established the following amounts of minimum share capital:

- limited liability company 5,400 Moldovan lei (roughly USD 425);
- joint-stock company 20,000 Moldovan lei (roughly USD 1,570).

During the startup phase, in addition to visiting the Registration Chamber, businesses must also register with the Tax Inspectorate, National Social Security Fund, National Medical Insurance Company, and National Bureau of Statistics.

Following registration, businesses must apply for licenses for certain activities. By Moldovan legislation, a total of 51 business activities are subject to licensing. With certain exceptions, licenses are issued for a period of five years upon payment of a fee of 2,500 Moldovan lei (roughly USD 200). Moldova's Licensing Chamber is the state authority that issues licenses. The Chamber makes a decision to issue a business license within five days, while the license itself is issued within three days upon payment of the license fee.

The Chamber licenses 39 business activities. Other activities are licensed by the National Bank, National Financial Market Commission, National Energy Regulatory Agency, National Electronic Communications and IT Regulatory Agency, and Audiovisual Coordinating Board.

To get a license, a business must file an application and provide a copy of the business registration certificate as well as additional documents the number and type of which will vary by business activity. Aside from licenses, businesses may be required to obtain other authorizations and certificates, which will differ by business activity and product. Such documents may deal, for example, with sanitary, environmental, fire security and safety compliance issues.

Franchising

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Even though Moldova is among the few countries in the world that has separate legislation dealing with franchising, this is a new and largely unknown concept for local businesses. A few recognizable fast-food franchises have become recent additions to the streetscape of Moldova. The number of sales outlets carrying internationally recognized brands in the capital city of Chisinau is growing and the presence of vendors of foreign-made goods and the recent opening of large shopping malls suggest that franchising provides business opportunities in retailing and services. U.S. companies such as McDonalds and Hertz have operated franchises in Moldova for several years. KFC is the newest most recognized U.S. brands of franchises operating in Moldova in the modern new shopping mall "MallDova."

Direct Marketing

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Direct marketing is used, but is not widespread. Major, well-known U.S. direct marketers such as Amway, Avon, and Mary Kay are successful in Moldova. Such direct marketing channels as catalogs, e-commerce and regular mail are still in their infancy. As the use of credit cards and Internet grow, so, too, will the opportunities for direct marketing methods.

Joint Ventures/Licensing

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With a few exceptions, Moldovan legislation treats domestic and foreign businesses in the same manner and does not restrict foreign ownership in companies. U.S. firms may enter the market by partnering with Moldovan counterparts or by operating 100 percent foreign-owned companies. In the most common, joint-venture approach, a foreign company provides capital, equipment and merchandise, while the local company provides buildings, warehouses, office space, personnel, and channels of distribution. Before making financial or legal commitments, U.S. firms should thoroughly explore whether potential partners are reliable and share their priorities and expectations. Special attention should be also given to a review of the viability of potential domestic partners.

Selling to the Government

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Virtually all governmental agencies of Moldova can conduct procurements. All important acquisitions technically require competitive bidding with strict formal, legal requirements that limit the extent of sole sourcing. Public procurement procedures are overseen by the State Agency for Material Reserves, Public Acquisitions and Humanitarian Assistance. The Agency publishes procurement announcements in a bulletin and posts them on its website. In government-organized procurements, foreign companies have opportunities to provide procurements of goods and services that are not domestically

available. Public procurements of certain goods are done through the Universal Commodities Exchange. U.S. companies are advised to seek local partners and distributors to participate in such tenders.

Moldova's public procurement practices are often criticized for insufficient transparency. Internationally financed public procurements are usually the most transparent and provide the best opportunities for U.S. companies. International tenders organized by the World Bank, European Bank for Reconstruction and Development (EBRD), and other international organizations represent good opportunities.

Moldova adopted a new Law on Public Procurements in 2007 to align governmental practices to the WTO Government Procurement Agreement (GPA) and relevant European legislation. Although a WTO member since 2001, Moldova is not a signatory to WTO General Procurement Act, but has initiated membership procedures.

Distribution and Sales Channels

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U.S. companies may find a considerable number of agents, middlemen, wholesalers and retailers in Moldova. As a relatively small market, without challenging terrain, the major problem in developing distribution channels is poor infrastructure. Moldova is a landlocked country and shipping products by sea takes place via nearby Black Sea ports in Ukraine and Romania. Overland transportation to and from the ports is usually done by trucks and involves crossing state borders and customs clearance, which add extra costs and time to the shipment of goods. The recently completed Giurgiulesti International Port project on the Danube River is a strategically important project that will help Moldova to enjoy access to cheaper transportation by sea. The port will be accessible to both fluvial and maritime vessels.

Distribution and sales channels have developed significantly over recent years, though they are still not as sophisticated as in the rest of Europe. With the opening of several modern shopping malls and large retail stores, especially in the capital city of Chisinau, sales practices have been improving. Sales are mostly concentrated in two major cities of the country – the capital city of Chisinau, and Balti, the second largest city of the country. District centers are other localities where companies could consider having sales outlets for their products.

Among the challenges faced by distributors is usually illegal trade and smuggling through the weakly controlled Moldovan-Ukrainian border in the east along the breakaway region of Transnistria. A European Union Border Assistance Mission (EUBAM) was established in November 2005 to enhance Moldovan and Ukrainian capacity for border and customs control and border surveillance.

Selling Factors/Techniques

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In general, Moldovans seek bargains and are price sensitive, but quality and payment terms are increasingly playing a critical role in purchase decisions. This is, however, not

to say that higher-end items or services, especially recognized brands, will not sell at higher prices, particularly among the fashion-conscious youth. American goods enjoy a good reputation, but are not widely available on the local market. A sticker carrying "Made in USA" will make customers more enthusiastic about the purchase of a U.S. product. A commonly held opinion among local business people is that, because the United States is at a great distance from Moldova, final prices on many U.S. products shipped to Moldova will be higher than those for similar European products.

Although the official language is Romanian, many businesses use or even prefer Russian. The language preference is determined by a person's background, origin and education. In some areas of the country Russian is preferred. Having your product-related materials translated into Romanian or Russian (or both) is a big advantage. By law, businesses must provide product information for consumers in Romanian.

Typically, one distributor or agent is enough to cover the entire country. Moldova is a relatively small market and therefore does not need extensive investment in developing distribution logistics. Provided you have a good partner, poor infrastructure will be the major challenge.

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E-commerce is only in its infancy, but is expected to grow. A few challenges to e-commerce development still remain: low Internet use, computer network security issues, and limited use of credit cards. Several leading banks have introduced Internet banking for both individuals and businesses. Use of e-mail for business communication is common, especially in Chisinau, while a few businesses have recently initiated online ordering. Several government institutions offer the possibility of submitting applications online.

Trade Promotion and Advertising

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After the uncertainties of the 1990s, the new millennium has seen a burgeoning Moldovan advertising industry, spurred by higher consumption made possible by remittances from the many Moldovans working abroad. Both consumers and companies have begun to appreciate the effectiveness of advertising and the importance of marketing products. Moldova passed a law on advertising in 1997 that sets out advertising standards and rules. All forms of media are widely used (television, newspapers, magazines, radio, and outdoor billboards), although television is predominant. Several international advertising agencies have representatives in Chisinau, including Ogilvy Mather, Grey, and McCann Erickson.

Pricing

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Moldovans are, in general, price-sensitive and are attracted to bargains. Nevertheless, high-end products with higher quality may command higher prices and attract status-conscious consumers with financial means. The public is likely to recognize small price differences among various brands. Moldova has been experiencing growing retail and imports in recent years. U.S. companies should expect competition from third countries. High-priced items, such as automobiles or apartments, which were traditionally priced and paid for in dollars, have started to be denominated in Euros.

With a few exceptions, a 20 percent value-added tax applies to products sold in Moldova. In addition to VAT, imported products are also subject to customs duties and in some instances to excises. Imports from countries with membership in CIS and Central European Free Trade Agreement are usually duty free.

Sales Service/Customer Support

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Customer support and after-sale service are weaknesses for the vast majority of Moldovan firms. Despite legislation that protects consumers, the return of purchased items by customers is not readily accepted by stores. Firms selling capital equipment or technology should emphasize customer service, product quality, and training for the operation of such equipment and technology.

Protecting Your Intellectual Property

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Several general principles are important for effective management of intellectual property rights (IPR) in Moldova. First, it is important to have an overall strategy to protect your IPR. Second, IPR is protected differently in Moldova than in the U.S. Third, rights must be registered and enforced in Moldova, under local laws. Your U.S. trademark and patent registrations will not protect you in Moldova. There is no such thing as an “international copyright” that will automatically protect an author’s writings throughout the entire world. Protection against unauthorized use in a particular country depends on the national laws of that country. However, most countries do offer copyright protection to foreign works under certain conditions, and these conditions have been greatly simplified by international copyright treaties and conventions.

Registration of patents and trademarks is on a first-in-time, first-in-right basis, so you should consider applying for trademark and patent protection even before selling your products or services in the Moldovan market. It is vital that companies understand that intellectual property is primarily a private right and that the U.S. Government (USG) generally cannot enforce rights for private individuals in Moldova. It is the responsibility of the rights’ holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IPR consultants who are experts in Moldovan law.

While the USG stands ready to assist, there is little we can do, if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IPR in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their

rights on a mistaken belief that the USG can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should USG advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A good partner is an important ally in protecting IPR. Consider carefully, however, whether to permit your partner to register your IPR on your behalf. Doing so may create a risk that your partner will list itself as the IPR owner and fail to transfer the rights should the partnership end. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Moldova require constant attention. Work with legal counsel familiar with local laws to create a solid contract that includes non-competitive clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IPR and stop counterfeiting. There are a number of these organizations. These include:

- The U.S. Chamber and local American Chambers of Commerce;
- National Association of Manufacturers (NAM);
- International Intellectual Property Alliance (IIPA);
- International Trademark Association (INTA);
- The Coalition Against Counterfeiting and Piracy;
- International Anti-Counterfeiting Coalition (IACC);
- Pharmaceutical Research and Manufacturers of America (PhRMA);
- Biotechnology Industry Organization (BIO).

IP Resources

A wealth of information on protecting IPR is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the U.S. and other countries -- call the STOP! Hotline: **1-866-999-HALT** or register at www.StopFakes.gov.
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the U.S. Patent and Trademark Office (USPTO) at: **1-800-786-9199**.
- For more information about registering for copyright protection in the U.S., contact the U.S. Copyright Office at: **1-202-707-5959**.
- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, a free online training program is available at www.stopfakes.gov.
- For U.S. small and medium-size companies, the Department of Commerce offers a "SME IP Advisory Program" available through the American Bar Association that provides one hour of free IP legal advice for companies with concerns in Brazil, China, Egypt, India, and Russia. For details and to register, visit: http://www.abanet.org/intlaw/intlproj/iprprogram_consultation.html

- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: www.StopFakes.gov This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IP-infringing products) and allows you to register for Webinars on protecting IP.

Due Diligence

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Contacting potential agents or distributors from a list at long distance without an introduction or third-party evaluation makes it very difficult to assess a prospective business partner. Basic information about companies is not always readily available in Moldova given the scarcity of information resources and only a fledgling culture of openness and transparency as the country is still in the throes of transition from a totalitarian past to an open society. Under such circumstances, the need for conducting due diligence cannot be overemphasized. The U.S. Embassy may provide a list of legal consulting firms and recommends contacting the American Chamber of Commerce in Moldova.

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Navigating Moldova's business environment without legal and financial advice may turn to be more expensive than hiring the services of law and accounting firms. Several major Western consulting firms have offices in Moldova. Local law firms can also provide high-quality services. U.S. firms may start by accessing the U.S. Embassy website, which has a page dedicated to commercial issues. Contacting the American Chamber of Commerce in Moldova is also a good start.

Web Resources

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List of Business Resources

www.moldova.usembassy.gov/pdfs/moldova_business_resources.pdf

U.S. Embassy in Chisinau www.moldova.usembassy.gov

State Registration Chamber cis.gov.md

Licensing Chamber www.licentiere.gov.md

American Chamber of Commerce in Moldova www.amcham.md

Foreign Investors Association www.fia.md

Moldovan State Tax Inspection www.fisc.md

Moldovan Investment and Export Promotion Organization www.miepo.md

Moldovan Chamber of Commerce and Industry www.chamber.md

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Information and Communication Technology

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Information and Communication Technology (ICT) is one of the most dynamic economic sectors in Moldova. Recording vibrant growth over the past years, it has reached a share of nearly ten percent of the Gross Domestic Product of the country today and holds potential for further growth. Approximately 40,000 people are employed directly or indirectly in ICT, which ranks ICT as one of the major employers in this country. The number of economic entities and individuals investing in ICT is growing. The GOM regulates the sector through the Ministry of Information Development and its National Strategy on Building an Informational Society in Moldova.

Many Moldovans have strong skills in software development. The educational system continues to emphasize technical education and provides a steady supply of young, technically skilled personnel. Most young IT specialists in Moldova command at least one foreign language in addition to Romanian and Russian. Salaries in the IT sector are higher than in most local industries but still very much lower than payment for similar work in other European countries. Moldova could be an ideal location for locating call centers or doing software development.

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Software development has the greatest export potential in the ICT sector. Software companies export about 70 percent of their total production. Major Moldovan partners in this area are the U.S., Russia, the UK, Romania, and Ukraine.

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ICT related services including training, consulting, system integration, support, and information services are underdeveloped. There are only a few training, consulting, and information companies in Moldova with very limited capacity and skills.

Resources

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List of major shows: en.moldexpo.md/exhibitions

Ministry of Information Development: www.mdi.gov.md

Moldovan Investment and Export Promotion Organization (MIEPO): www.miepo.md

Public Property Agency: www.app.gov.md

Telecommunication (Moldtelecom Privatization)

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The "Moldtelecom" joint stock company is the so-called National Operator of Telecommunication in Moldova. It is a state-owned company founded in 1993 as a result of the restructuring of the telecommunications sector in Moldova. In 1999, the company was reorganized into a joint stock company; the state holds a majority of stock in the company. The GOM conducted several tenders to privatize Moldtelecom, but they were unsuccessful because the GOM did not receive any bids meeting the minimum amount requested. The GOM plans to conduct a new tender in future. Moldtelecom operates a fixed telephone system of over one million lines through 40 subsidiaries in Moldova with a total number of 1,060,000 fixed telephone subscribers in a country with a population of roughly to 3.5 million. In 2006, Moldtelecom received a 15-year license to provide mobile services in the CDMA standard within the 450 MGHZ frequency.

Best Prospects/Services

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Local and international telephone services, Internet, crossnet (including wireless), video-telephone.

Opportunities

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Tentative terms and details of the Moldtelecom privatization are not currently available. The Public Property Agency (APP) publishes all tender announcements on its website.

Resources

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Moldtelecom www.moldtelecom.md/
Public Property Agency <http://www.app.gov.md>

Clothing and Textile

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Moldova's textile/apparel cluster is one of the leading export sectors in the country. The sector accounts for 1.5 percent of Moldova's GDP with over 22,000 employees. The country's proximity to the EU is a key strategic advantage as a supplier of textiles and apparel to European consumer markets. A wide range of products are produced in Moldova, including all types of knitted and women apparel, lingerie and nightwear, protective clothing, and carpets. Over 250 enterprises are active in the sector. Many local companies began with contracts to process work from the target markets. This type of production is also known as CMT (cut, makeup, and trim) or by its German name of "Lohnarbeit." The raw materials, trademarks, and design all belong to the contractor. The garment manufacturer puts together the final product. The initial advantages of this type of production are low capital investment, rapid access to new technologies, and the development of skilled labor. Margins are low but successful companies involved in this production can move towards developing their own product and offering prospective clients a full package.

Many companies are already working for famous European brands and export their products to Italy, Germany, Belgium, and the UK. New opportunities are arising in Moldova as manufacturing costs increase in other production countries, such as Bulgaria and Romania now that they have joined the European Union. The developing consumer market in Russia demands more garments every year and Moldova's access to markets in CIS as well as the EU is an incentive for placing production facilities in the country.

Best Prospects/Services

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Textiles, apparel and carpeting.

Opportunities

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EU markets are the main destination of the sector's exports. Other strengths are easier access for Moldovan products to the EU markets, low labor costs, a relatively well qualified labor force, proximity to the Russian and CIS markets, and a growing demand for textiles in the region.

Resources

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List of major shows <http://en.moldexpo.md/exhibitions>

Ministry of Economy and Trade www.mec.gov.md

Moldovan Investment and Export Promotion Organization (MIEPO) www.miepo.md

Transportation

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Giurgiulesti International Free Port, Moldova's only port accessible to sea going vessels, has recently opened, but additional facilities are currently still under construction. Giurgiulesti is situated at km 133.8 (nautical mile 72.2) of the Danube River in the south of Moldova. Located on the Lower Danube with available water depths of up to 7m, the port is capable of receiving both inland and sea-going vessels. Danube Logistics, a Moldovan limited liability company, is the general investor, owner, and operator of the port. Danube Logistics' shareholders are the Dutch EASEUR Holding BV with 80 percent and the European Bank for Reconstruction and Development with 20 percent.

Once completed, Giurgiulesti International Free Port will consist of an oil terminal, a dry cargo terminal, and an industrial free zone. The cereal and oil seeds storage facilities and export-import terminal will be capable of handling up to 500,000 metric tons of grains per year. The facility will hold 100 percent of the Moldovan grain exports. In 2006, Danube Logistics completed the construction of the oil terminal. It plans to complete the dry cargo terminal in 2009-2010. The fact that this is the only water outlet for Moldova to the Black Sea in a free trade and customs zone offers opportunities for investments such as manufacturing of various products with imported components utilizing a customs tax free regime, assembly lines, and processing plants oriented to export. Container and cargo companies may find opportunities at the Giurgiulesti port. The GOM has built a railroad line to connect the port to the railway system.

Best Prospects/Services

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Various equipment and services

Opportunities

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Excellent location for business development because of the port location in a free economic zone with unique customs and tax regime, low cost environment, connection to the Russian and European railway, and international road network.

Resources

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Giurgiulesti International Free Port (GIFP) www.gifp.md/en/
Moldovan Investment and Export Promotion Organization (MIEPO) www.miepo.md

Wine Industry

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Winemaking is one of the major components of the Moldovan economy accounting for up to 30 percent of Moldovan exports. Wine has been a major sector for foreign investment in Moldova. Winemaking traditions, an excellent climate, fertile soil, and low labor costs have attracted foreign vintners such as Australia's Penfolds and HDR Wines of France, as well as from German, Dutch, Russian, and other investors. Moldovan wines have won prizes at many international events in Europe, Russia, and the U.S. Moldova exports approximately 90 percent of locally produced still wines and 75 percent of its sparkling wines. In 2008, Russia continued to be the major market for Moldovan wines despite a considerable decline in wine exports to Russia in 2006-2007 because of a Russian ban imposed on the import of Moldovan wines from April 2006 to October 2007.

Best Prospects/Services

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Wines, niche products (nonalcoholic wine, kosher wine, etc.), new technologies, equipment, various supplies/materials

Opportunities

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Good export opportunities including the EU and Russian markets. EU wine quotas increase annually until 2012.
Improving wine quality control.
Rich traditions and skilled labor force.

Resources

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List of major shows en.moldexpo.md/exhibitions
POLIPROJECT Exhibitions Ltd. www.vinmoldova.md/eng/

Agriculture has traditionally been and remains the backbone of the Moldovan economy. The country has favorable resources and conditions for agricultural production. The black fertile soil in Moldova is ideal for growing fruit and vegetables. A moderate continental climate with short and relatively warm winters and long hot summers permits early planting, giving producers a strong competitive advantage. Moldovan farmers have experience in a wide variety of agricultural activities. These factors combined with an affordable labor force, especially in rural areas, favor the production of high-yield, labor-intensive crops that are competitive in export markets. High value agriculture has not developed very extensively, yet, and offers a market niche for foreign investors. The GOM supports private land ownership but foreigners are not allowed to purchase agricultural land. Food processing is a major industry accounting for some 40 percent of industrial output and more than two thirds of exports. More than 90 percent of locally processed fruit and vegetables are exported. Historically, agriculture and the food processing industries have been major suppliers to the huge markets of the former Soviet Union. Currently, CIS countries account for some 70 percent of Moldova's export of fruit and vegetables products and European countries for 30 percent.

PROCESSING OF FRUITS AND VEGETABLES

The processing of fruits and vegetables is the food industry's second major sector after the wine sector. More than 90 percent of production is destined for export. The fruit and vegetable export market includes both processed and fresh fruits and vegetables. In terms of volume, the most significant export products remain canned vegetable and fruit products. The main fruit and vegetable crops processed in Moldova are field tomatoes and apples. Together, these comprise more than 70 percent of all processed output. Various enterprises convert tomatoes into paste at a 4/1 or 5/1 concentration and apples into juice at a 6/1 concentration. In addition to these bulk products, other tomato products include tomato ketchup and canned, whole tomatoes. Other apple products include apple pulp for jam, apple sauce, and a product similar to apple butter. Other processed fruit and vegetables consist of canned goods, purees for baby food, jams and preserves, and specialty products.

FRUIT AND VEGETABLES (FRESH, DRIED, FROZEN)

A large variety of fruit and vegetables are grown in Moldova. Apples are the major fruit accounting for up to two-thirds of the total, followed by plums at around 10 percent and peaches, pears, cherries and sour cherries, and nuts making up the rest of the sector. Tomatoes make up 20-25 percent of vegetables followed by cabbage, onion, and cucumber. Peppers, carrots, and pumpkins are also grown in Moldova. Generally, there is high variation in the annual production yields of fruits and vegetables. These variations reflect weather conditions (spring frosts, summer droughts, torrential rains, etc.) and the lack of irrigated land. Farmers have started introducing drop irrigation, but it is not widespread. This subsector has great potential as high value agriculture. Many of Moldova's export categories, such as fresh, dried, frozen fruit, and vegetables, may succeed on the European market.

ORGANIC FARMING/PRODUCTS

Organic agricultural products have potential in Moldova. The Moldovan authorities and Societe Generale de Surveillance S.A. (SGS, with headquarters in Geneva, Switzerland)

are developing a System for Certification of Organic Agricultural Food Products. The GOM, in collaboration with SGS, has developed a national concept for organic agriculture. The Law on Organic Agriculture has been harmonized with EU laws. As a result, SGS Moldova, in line with the SGS Organic Production Standard (OPS), has certified 2,830 ha of industrial vineyards or 2.7 percent of the total plantation surface. Apples and beekeeping products are also produced in the country under organic farm management principles. Switching from conventional production to organic products might revitalize the Moldovan food processing sector, providing new export opportunities.

WALNUT PRODUCTION

Moldova is the fourth largest exporter of shelled walnuts in the world behind the U.S., Mexico, and China. According to the International Trade Centre in Geneva, Moldova is the largest European exporter of shelled walnuts with a volume of 9,163 tons and a value of €29.8 million. The average growth rate for shelled walnut exports from 2001 to 2006 was 12 percent (value) and ten percent (volume). Low labor costs and high-quality walnut processing (cracking) are attractive for large consumers of walnuts. France, the U.S., Spain, and Ukraine exported 5,673 tons of in-shell nuts to Moldova for further processing in 2006. Currently 85-90 percent of the highest quality products are the result of manual processing rather than mechanized processing. There are plantations in the form of commercial orchards, small household plantations and field windbreaks in Moldova. The total area of walnut plantations is approximately 6,000 ha. Average productivity varies from two to three tons per ha depending on the variety and climatic conditions. Annual production varies from 15,000 to 18,000 tons. Given the strategic importance of the sector for the Moldovan economy, the GOM passed a Walnut Law in 1999 and developed a National Development Program for Walnuts in 2006 which foresees development in the sub-sector up to 2015. The program calls for the sector to expand commercial orchard area by 1,000 ha annually and reach 10,000 ha of new orchards by 2015. Governmental subsidies are envisioned to promote the orchard development process by repaying 50 percent of the investment during the first five years of orchard establishment. These incentives apply to both local and foreign investment.

BIOFUEL AND ETHANOL PRODUCTION

A significant raw material base for this subsector exists in Moldova, including wheat, corn, sunflower, rapeseed, sugar beet pulp, and other agricultural product leftovers. The lack of local competition provides excellent domestic and regional opportunities for potential investors.

OPPORTUNITIES

Opportunities in primary production include: orchards, vineyards, vegetable growing in open fields and greenhouses, industrial crop production, etc. Processing is one of the most important and attractive investment categories. Equipment and technology are required for storage, packaging and long distance transportation of fresh products; drying; instant freezing; canning; and the production of ingredients and additives. Other related activities of interest include input supplies. Irrigation, packaging and processing equipment, and agricultural machinery offer other opportunities, as well production and trade of planting materials and agribusiness leasing.

WEB RESOURCES

List of major shows: Farmer <http://en.farmer.moldexpo.md>
Moldagrotech <http://en.moldagrotech.moldexpo.md>

Food & Drinks. Food Technology <http://en.food-drinks.moldexpo.md>
Packaging. Depot <http://en.packaging-depot.moldexpo.md>
Moldovan Investment and Export Promotion Organization (MIEPO) www.miepo.md
Ministry of Agriculture and Food Industry www.maia.gov.md

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Chapter 5: Trade Regulations and Standards

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- [Labeling and Marking Requirements](#)
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Import Tariffs

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Wedged between Romania and Ukraine, Moldova has been actively promoting free trade with its immediate neighbors and main trade partners. It liberalized its trade regime in 1994. Moldova was among the first countries of the Commonwealth of Independent States (CIS) to join the World Trade Organization (WTO) having done so on July 21, 2001. Moldova's tariff policy is based on the trade regime and norms established by the WTO. Moldova has signed free trade agreements with most of the CIS states and adheres to the multilateral Central European Free Trade Agreement (CEFTA), which comprises, besides Moldova, Albania, Bosnia and Herzegovina, Croatia, Kosovo, Macedonia, Montenegro, and Serbia.

As a member of the World Customs Organization, Moldova applies import tariffs on goods classified pursuant to the international Harmonized Commodity Description and Coding System (HS). Customs duties are assessed on the basis of the value of goods (ad valorem duty), in-kind quantity or a combination of the two. The ad valorem customs duty has the widest application, ranging from zero percent to 30 percent of the value of imported items. Duties assessed on the in-kind quantity of goods, called specific duties, are usually applied to alcoholic and tobacco items. A combination of the two is applied on a range of imported meat products. Besides the customs duties, the Moldovan Customs Service may also levy so-called exceptional duties – safeguard duty, anti-dumping duty or countervailing duty. The only exceptional duty applied in the past was the safeguard duty on sugar imports.

The average rate of customs duties is six percent for all goods. The average rate is 3.5 percent for manufactured products and 11.5 percent for agricultural products. At the same time, Moldova applies a zero percent rate on more than 50 percent of products in the tariff schedule.

In addition to import tariffs, imported goods are usually subject to a 20 percent value added tax. Customs may assess excise taxes on certain goods. Also, companies must

pay customs processing fees, which are determined on a case-by-case basis and depend on the value and final destination of goods. As a rule, imports are subject to a 0.4 percent customs processing fee.

Trade Barriers

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While overall Moldovan customs and trade laws are in compliance with WTO requirements, inconsistent implementation of WTO rules sometimes remains a barrier to trade. These inconsistencies, such as imposition of arbitrary requirements of additional certificates or permits, informal use of quotas on some imports or discriminatory treatment of companies importing foreign-manufactured goods can translate into non-tariff barriers to trade.

Import Requirements and Documentation

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The person conveying goods and vehicles across a customs border or the authorized customs broker representing an importer must declare goods and vehicles for customs clearance. Importers must submit customs declarations in writing or electronically within 72 hours following importation into the customs territory of Moldova. A customs declaration must be filled out for every commercial invoice. A customs declaration has to be accompanied by a contract, invoice, certificate of origin, customs transit document, packing list, terminal handling receipts, and certificate of conformity. In addition, companies may have to submit business registration documentation, licenses, and other authorizations, which will vary depending on the product and business activity. Customs may also require that businesses submit currency repatriation statements required by foreign exchange regulations.

The use of licensed customs brokers can help navigate the complex procedure of customs clearance, reduce interaction with customs, and prevent extra costs because of insufficient knowledge of all relevant regulations. A list of licensed customs brokers can be found at www.customs.gov.md/files/Registre/registru_brokerilor_md.doc

U.S. Export Controls

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The Bureau of Industry and Security (BIS) at the U.S. Department of Commerce is responsible for implementing and enforcing the Export Administration Regulations (EAR), which regulate the export and re-export of most commercial items. The items that BIS regulates are often referred to as “dual use” since they have both commercial and military applications. Please note that even commercial items without an obvious military use may be subject to the EAR.

Further information on export controls is available at:
<http://www.bis.doc.gov/licensing/exportingbasics.htm>.

BIS has developed a list of "red flags", or warning signs, intended to identify possible violations of the EAR. These are posted at:

<http://www.bis.doc.gov/enforcement/redflags.htm>.

Also, BIS has "Know Your Customer" guidance at:

<http://www.bis.doc.gov/Enforcement/knowcust.htm>.

If there is reason to believe a violation is taking place or has occurred, report it to the Department of Commerce by calling the 24-hour hotline at 1(800) 424-2980, or via the confidential lead page at: <https://www.bis.doc.gov/forms/eeleadsntips.html>.

The EAR does not control all goods, services, and technologies. Other U.S. Government agencies regulate more specialized exports. For example, the U.S. Department of State has authority over defense articles and defense services. A list of other agencies involved in export control can be found on the BIS web site or in Supplement No. 3 to Part 730 of the EAR, which is available on the Government Printing Office Web site at: http://www.access.gpo.gov/bis/ear/ear_data.html.

For further details about the Bureau of Industry and Security and its programs, please visit the BIS website at: www.bis.doc.gov.

Temporary Entry

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The temporary entry of goods designated "temporary admission" by Moldovan law is allowed with full or partial exemption from customs duties. Customs must issue an authorization based on an application from the importer. The Moldovan government regulates the list of goods enjoying full relief from customs duties as well as the terms for such relief. For the temporary admission of such goods importers are relieved of the obligation to submit a customs declaration. The period of full exemption is typically no longer than 12 months. However, certain goods can be introduced into Moldova without payment of duties for periods shorter than six months.

The list of goods that enjoy full exemption is as follows:

- professional equipment and materials, which may include computers, cameras, measuring devices, recorders, TV transmitters, special purpose vehicles, etc.;
- commercial samples and goods for display in trade shows, fairs, conferences, and the like;
- goods to be used for educational, scientific or cultural purposes;
- medical, surgical and laboratory equipment to be used in health care institutions;
- packaging, which may include containers and pallets;
- travelling equipment and materials as well as goods to be used in sports events held on the customs territory of Moldova;
- live animals;
- touristic advertising materials; and
- goods used in small border traffic.

Even if the temporarily imported items enjoy full exemption, Customs may require the importer to provide guarantees for payment of any customs duties that arise.

All other goods that do not fall in the full-exemption category enjoy only partial relief per customs regulations. When partial relief is applied, importers have to pay five percent of the amount of customs duties for each calendar month of the duration of the temporary entry. The temporary entry of such goods cannot be longer than three years. If sufficient motivation is provided, customs may extend the period of temporary entry. Temporary entry of goods on the basis of financial or operational leasing cannot be longer than seven years.

Temporarily admitted goods have to be re-exported in their initial state, except for natural wear and tear. During the temporary admission period, such goods shall remain in foreign ownership at all times. Such goods may not be sold, rented, sub-rented, pledged, transferred or put at the disposal of another person in Moldova without Customs Service's approval and payment of customs duties.

For a detailed list of goods and applicable requirements please see the Customs Service website www.customs.gov.md.

Labeling and Marking Requirements

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The Law on Consumer Protection prohibits the import and sale of products and services without complete, truthful, and correct information in Romanian. This, however, does not translate into an outright ban on the import of products that do not carry labels in Romanian. Importers have the option of committing goods to customs bonded warehouses and affixing the legally required labels on products in order to get customs clearance for imported goods.

Moldovan legislation requires that manufacturers (packaging companies) present information about the name of the product, name and mark of the manufacturer (or importer), company location, weight or volume, main qualitative characteristics, composition, additives, country of origin, validity period, date of production, guarantee period, relevant hazards as well as prescriptions for use, handling, warehousing, preservation, and storage.

Durable goods have to be accompanied by a warranty certificate, technical specifications and operations manual.

The labeling of food products is regulated by a separate law. Besides the information mentioned above, labels should also carry information about ingredients. In addition, labels must carry information about the following foods and ingredients known to induce hypersensitive reactions regardless of their quantity:

- cereals that contain gluten, e.g. wheat, barley, rye, oat or hybrids and products thereof;
- crustaceans and products thereof;
- eggs and products thereof;
- fish and products thereof;
- peanuts, soya and products thereof;
- milk and dairy products, including lactose;
- walnuts and product thereof;
- sulfites in concentrations of or above 10 mg/kg.

Moldovan legislation has specific information requirements for labels on foods, which may vary by the type of food, ingredients used and production technologies. Besides laws, such requirements are also contained in technical regulations.

Prohibited and Restricted Imports

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The Customs Code notes that Moldovan legislation can prohibit or restrict certain goods or transport means from being introduced into or taken out of Moldova for reasons of state security, assurance of public and moral order, environmental protection, protection of art objects, protection of objects of historical or archeological value, protection of intellectual property rights, protection of the domestic market, and protection of other public interests. Moldovan legislation has special provisions dealing with strategic goods, weapons, munitions, dual-use goods, radioactive and toxic substances, and food products. Importers have to check first with Moldovan customs on any existent limitations or restrictions.

The only express prohibition in the Customs Code is the introduction and/or placement under import, customs warehouse, temporary admission, and free economic zone of transport means, motors, and car bodies aged greater than ten years; tractors grouped under HS8701 aged greater than 12 years; transport means grouped under HS8703 and vehicles for maximum 20 passengers under HS8702, as well as their engines and car bodies aged greater than seven years.

Customs Regulations and Contact Information

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Procedures related to customs clearance are regulated by a series of laws and regulations. To name but a few: Customs Code, Law on Customs Tariff, Tax Code, Law on State Regulation of Foreign Commercial Activity, and Law on Licensing.

For further information, please refer to the Customs Service:

Customs Service

Mr. Tudor Balitchi, Director General

Str. Columna 30, Chisinau, Moldova MD2001

Tel. (373 22) 574 201

Fax (373 22) 273 061

www.customs.gov.md

Standards

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- [Product Certification](#)
- [Accreditation](#)

- [Publication of Technical Regulations](#)
- [Labeling and Marking](#)
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Overview

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Moldova inherited its principles for the system dealing with metrology, standardization, testing, and quality from the Soviet era. The underlying feature was that the government-developed compulsory standards for manufacturers. The country's transition to free-market economy, coupled with the accession to the WTO in 2001, has triggered a revision of the system. New laws were passed in keeping with Moldova's WTO commitments and aspirations for European integration to comply with international standards and best practices. The country has been harmonizing its quality assessment system with European standards. The major functions of accreditation, certification, and market surveillance have been separated. A special interdepartmental commission was set up to supervise the conversion of compulsory standards into technical regulations, and voluntary standards, while a national program for development of technical regulations was adopted in 2004. Starting in 2007, all national standards became voluntary. The country has adopted a number of technical regulations. Regulations on self-declaration of conformity have only recently been published.

Standards Organizations

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The Law on Standardization requires ministries to develop standards for their areas of expertise. Moldova has set up 29 standardization committees. The country's central standardization organization is the National Institute for Metrology and Standardization. The Institute maintains the national fund of standardization documents.

Moldova adopted more than 18,000 original Soviet GOST (state standards developed in the Soviet Union). Common adherence to these standards supports trade of goods among all CIS countries. Looking west, the country adopted some 500 EN (European standards) and 1,500 ISO (International Organization for Standards). Many of these international standards were adopted from Romanian standards.

Moldova has been a correspondent member of ISO since 1995 and a member of CIS Interstate Council for Standardization, Metrology and Certification (also known as the Euroasian Council for Standardization, Metrology and Certification - EASC) since its setup in 1992. Moldova is a member of the European Committee for Standardization (CEN) and the Organization for International Epizootics.

National Institute for Metrology and Standardization
Str. Eugen Coca 28, Chisinau MD2064, Moldova
Tel. (373 22) 74 85 42
Fax (373 22) 24 54 14
insm@standard.md
www.standard.md

NIST Notify U.S. Service

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL: <http://www.nist.gov/notifyus/>

Conformity Assessment

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The Government of Moldova has approved a special list of products that require certification of conformity. About 50 groups of products are subject to compulsory conformity certification. The list of goods includes food products, textiles, construction materials, chemicals, fuels, electric equipment, electric home appliances, clothing, furniture, and toys.

Moldovan legislation gives manufacturers several options regarding conformity assessment, depending on the product and risks involved. The options range from self-certification, type examination, and production quality control system, to full quality assurance system.

Product Certification

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Under its original WTO commitments, Moldova had to introduce voluntary standards by 2003, but only did so in 2007. The certification process establishes the conformity of products with the essential requirements of the technical regulations and national standards of Moldova.

Aside from conformity assessment that falls under the WTO Agreement on Trade Barriers to Trade (TBT), products are also subject to other types of certifications (hygienic, phytosanitary or veterinarian) covered by the WTO Agreement on Sanitary and Phytosanitary Measures (SPS).

Products certified in the country of origin with which Moldova has signed agreements on mutual recognition of results of product conformity assessment, undergo a simplified procedure of validation of the certificates of conformity. Moldova has signed such agreements with the CIS countries and Romania. A prerequisite to signing such agreements with developed countries is compliance with the quality infrastructure system in Moldova and with international standards of operations.

Accreditation

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The Center for Conformity Assessment Accreditation under the Ministry of Economy is the only accreditation body in Moldova. The center reports to an accreditation council

made up of representatives of ministries, conformity assessment bodies, laboratories, business associations and educational and scientific institutions. It provides accreditation to testing and calibration laboratories, product certification bodies, personnel of certification bodies, quality and environmental management systems certification bodies, and inspection bodies. The Center is a member of the International Laboratory Accreditation Cooperation (ILAC).

The Center for Conformity Assessment Accreditation has accredited 22 product certification bodies, five service certification bodies, one personnel certification body, 4 quality system certification bodies and around 127 test laboratories.

Center for Conformity Assessment Accreditation
Director: Ms. Eugenia Spoiala
Bul. Stefan cel Mare 162, Chisinau MD2004, Moldova
Tel (373 22) 210 325
Fax (373 22) 210 316
cadecp@mtc.md
www.acreditare.md

Publication of Technical Regulations

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Central public authorities work out and approve technical regulations for their areas of responsibility. Technical regulations are published in the bi-weekly official gazette *Monitorul Oficial*.

Labeling and Marking

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Please see the labeling and Marking Section above in this chapter.

Contacts

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Ministry of Economy
General Direction for Quality Infrastructure
Piata Marii Adunarii Nationale 1, Chisinau MD2033, Moldova
Tel. (373 22) 23 31 40
www.mec.gov.md

Trade Agreements

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Moldova is a WTO member and has signed free trade agreements with all CIS countries except Tajikistan. Moreover, it is a member of the multilateral Central European Free Trade Agreement (CEFTA) that currently brings together the non-EU member countries of South-Eastern Europe. Since March 1, 2008, Moldova has benefited from the

Autonomous Trade Preferences in its trade with the European Union and is currently negotiating a new deep and comprehensive free trade agreement with the EU.

Web Resources

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Ministry of Economy and Trade www.mec.gov.md

Center for Product Conformity Assessment Accreditation www.acreditare.md

National Institute for Metrology and Standardization www.standard.md

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Chapter 6: Investment Climate

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Openness to Foreign Investment

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Moldova continues to take steps toward developing a stronger economy, reforming a cumbersome regulatory framework, combating corruption, and adopting reforms aimed at improving the business climate. A new Government of Moldova (GOM) assumed office on September 25, 2009, and has publicly committed itself to a reform agenda and European orientation. After a prolonged recession in the 1990s, GDP grew for seven straight years and inflation decreased between 2002 and 2008. In 2009, like most countries in the region, Moldova was severely affected by the global economic recession. GDP decreased by approximately nine percent for 2009. Moldova, which is consistently ranked the poorest country in Europe, relies heavily on investments, foreign trade, and remittances sent by Moldovans working abroad, for economic growth. Recent years saw an increase in foreign direct investment (FDI) as investors took advantage of the eastward expansion of the European Union (EU), which now borders Moldova following the January 1, 2007, accession of Romania. The global crisis took its toll on FDI, which fell more than 50 percent in 2009. Though remittances dropped sharply in 2009 following the global crisis, they still equaled approximately one third of GDP. Over the past five years the GOM has made efforts to tackle some obstacles to investment, such as corruption and red tape. Furthermore, Moldova has declared European integration a strategic objective. The country had an Action Plan with the EU that set out a roadmap for democratic and economic reforms and the harmonization of Moldovan laws and regulations with European standards. The Action Plan expired in February 2008 and Moldova is set to start negotiations with the EU on an Association Agreement

in January 2010.

As a country with a small market, Moldova benefits from liberalized trade and investment and wants to promote the export of its goods and services. Moldova has been a member of the WTO since 2001 and has signed free trade agreements with countries of the former Soviet Union (CIS) and southeast Europe. In December 2006, Moldova joined the Central European Free Trade agreement. Moldova benefits from an extended generalized system of preferences (GSP-plus) with the EU, and starting in March 2008 the EU unilaterally granted Moldova autonomous trade preferences, which expanded the duty-free access of Moldovan goods to EU markets. Moldova also seeks to further deepen its preferential trade arrangements with European Union in the negotiation of a deep and comprehensive Free Trade Agreement.

The GOM has created an adequate legal base, including favorable tax treatment for investors. Under Moldovan law, foreign companies enjoy the same treatment as local companies (national treatment principle). The GOM views investments as vital for sustainable economic growth and poverty reduction. However, the amount of FDI is far below the country's needs.

After years of low FDI caused by a weak business climate, FDI inflows steadily increased from 2004 to 2008. According to the National Bank of Moldova, FDI inflows in 2007 amounted to USD 611.85 million and in 2008 FDI totals were USD 868.31 million. In the first nine months of 2009 FDI dropped to USD 231.06 million. Recent years have seen large investments by Germany's Metro Cash & Carry, Germany's Draexlmaier, France's Societe Generale, Austria's Grawe insurance company, Austria's Raiffeisen Investment, the Netherlands' Easur Holding B.V., Italy's Veneto Banca, the U.S. investment fund NCH Capital and the U.S. equity fund Horizon Capital. American investments in Moldova are primarily in the wine and food industry, cosmetics, telecommunications, banking and real estate.

Despite the GOM's efforts to lower tax rates, strengthen tax administration, increase transparency and simplify business regulations, decision-making remains sometimes opaque and the application of regulations inconsistent. On occasion, government officials have interfered in business decisions in favor of a protected individual, used governmental powers to pressure businesses for personal or political gain, and selectively applied regulations. Since the judicial system remains weak, recourse to the courts does not guarantee citizens and foreign investors an impartial ruling on alleged governmental misdeeds.

In May 2004, the GOM approved the Economic Growth and Poverty Reduction Strategy (EGPRS), which established a policy framework for Moldova's sustainable development in the medium term from 2004 to 2006. In 2006, the GOM extended the EGPRS to 2007. Both the World Bank and the International Monetary Fund (IMF) supported the implementation of the EGPRS. Together with the EU-Moldova Action Plan signed in February 2005 and subsequent GOM programs, the EGPRS guided Moldova's economic development in recent years. Starting in 2008, the GOM consolidated its development strategies into an umbrella document - the National Development Plan (NDP) – which prioritizes the GOM's policies for 2008-2011. Seeking to improve living standards, the NDP is based on five basic pillars: consolidation of the rule of law, Transnistrian conflict resolution, competitiveness enhancement, human development, and regional development.

Attracting FDI is critical to enhancing the economy's competitiveness. In 2006, after a five-year intermission, the GOM resumed relations with the IMF by signing a Memorandum of Economic and Financial Policies that included criteria for the improvement of macroeconomic indicators, infrastructure development and better state property management. The memorandum expired in June 2009 and the Communist-led GOM was unwilling to negotiate a new agreement with conditions calling for salary freezes and other unpopular measures shortly before parliamentary elections on July 29, 2009. The new GOM has negotiated a new agreement with the IMF and is awaiting IMF board approval in January 2010. In 2007, Moldova received USD 24.7 million funding from the Millennium Challenge Corporation (MCC) for a Threshold Country Program which focused on supporting Moldova's anti-corruption efforts. In January 2010, the GOM will sign an MCC Compact for USD 262 million. The Compact will fund two projects, one for road rehabilitation and the other for the transition to high value agriculture by rehabilitating central irrigation systems, providing technical assistance and providing access to financing for farmers. The MCC compact targets poverty reduction through economic growth.

The GOM launched the first privatization process in 1994. It has adopted three different privatization programs since that time, including privatization via National Patrimonial Bonds (foreigners were not allowed to participate); via cash transactions for both locals and foreigners; and via a program which involved only cash privatization. The third program began in 1997-1998 and was extended to 1999-2000. The program was later extended with some modifications to the end of 2006. Foreign investors have successfully participated in these privatizations. In 2007, Parliament passed a new privatization law which introduced a new plan for privatizing and managing state-owned assets with a focus on economic efficiency. The law has a list of assets, connected to the security of the state, which are not subject to privatization. The GOM also adopted regulations on the privatization of state-owned non-agricultural land through commercial tenders. The GOM has approved a list of assets subject to privatization.

The Law on Investment in Entrepreneurship prohibits discrimination against investments based on citizenship, domicile, residence, place of registration, place of activity, state of origin or any other grounds. The law provides for equitable and level-field conditions for all investors. It rules out discriminatory measures hindering the management, operation, maintenance, utilization, acquisition, extension or disposal of investments. Local companies and foreigners are to be treated equally with regard to licensing, approval, and procurement. In recent years, the GOM made significant efforts to streamline business registration. In the business registration procedure, the GOM simplified document submissions by implementing a "one window" approach. This process reduced the number of documents and days necessary for business registration. Limited on-line business-registration services were introduced in 2006 and 2007. In the business licensing procedure, the government simplified the process in 2002 by establishing one authority in charge of business licensing -- the Licensing Chamber -- and by reducing the number of business activities that require licensing. The GOM plans to streamline the permit process for entrepreneurial activity and introduce elements of the "one-window" approach in the activities of public authorities, including their electronic interconnection to facilitate the exchange of electronic data.

Rankings for Moldova:

| Measure | Year | Index/Ranking |
|---------------------------|------|---------------|
| TI Corruption Index | 2009 | 89 of 180 |
| Heritage Economic Freedom | 2009 | 120 of 183 |
| World Bank Doing Business | 2010 | 94 of 183 |

Moldova receives an annual scorecard from MCC assessing its performance in 17 indicators in the three policy categories of Ruling Justly, Investing in People, and Economic Freedom. Under the name of each indicator is the Moldova's score and percentile ranking in its income peer group (0% is worst; 50% is the median; 100% is best). Under each percentile ranking is the peer group median. Country performance is evaluated relative to the peer group median. Scores above the median meet the MCC required performance standard for eligibility for MCC programs. Scores at or below the median do not meet the performance standard.

Measure Year Index/Ranking

MCC Government Effectiveness 2010 0.03 (58%) (Median 0.00)
MCC Rule of Law 2010 0.43 (81%) (Median 0.00)
MCC Control of Corruption 2010 0.13 (63%) (Median 0.00)
MCC Fiscal Policy 2010 -0.4 (61%) (Median -1.4)
MCC Trade Policy 2010 79.9 (92%) (Median 67.9)
MCC Regulatory Quality 2010 0.43 (92%) (Median 0.00)
MCC Business Start Up 2010 0.986 (93%) (Median 0.918)
MCC Land Rights Access 2010 0.952 (98%) (Median 0.612)
MCC Natural Resource Mgmt 2010 69.49 (70%) (Median 61.61)

Conversion and Transfer Policies

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Moldova accepted Article VIII of the IMF Charter in 1995, which required liberalization of current foreign exchange operations. There are no restrictions on the conversion or transfer of funds associated with foreign investment in Moldova. After the payment of taxes, foreign investors are permitted to repatriate residual funds. Residual-funds transfers are not subject to any other duties or taxes, and do not require special permission. There are no significant delays in the remittances of investment returns, since domestic commercial banks have accounts in leading multinational banks. Foreign investors enjoy the right to repatriate their earnings.

Generally, there are no difficulties associated with the exchange of foreign or local currency in Moldova. However, shortages of Moldovan currency do occur in exchange offices, usually at times of sharp exchange rate fluctuations. While the local currency, the Moldovan Leu (plural, Lei) (MDL), has been generally stable, its exchange rate has proven volatile in the face of external shocks. After several years of appreciation owing to the weakness of the U.S. dollar, a massive surge in remittances and changes in monetary policies, the trend reversed in 2009 as a result of the fallout from the global crisis coupled with the uncertainties of an electoral year. The MDL started the year at 10.4 to one U.S. dollar and finished it off at 12.20.

The U.S. Embassy has no information on complaints from U.S. investors regarding

converting or remitting funds associated with investments in Moldova.

Expropriation and Compensation

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The Law on Investment in Entrepreneurship states that investments cannot be subject to expropriation or to measures with a similar effect. An investment may be expropriated only if all three of the following conditions are present: the expropriation is done for purposes of public utility, is not discriminatory, and is done with just and preliminary compensation. If a public authority violates an investor's rights, the investor is entitled to reparation of damages. The compensation will be equivalent to the real extent of the damage at the time of occurrence. The public authorities concerned will pay compensation for any damage caused, including any lost profits. Compensation must be paid in the currency in which the original investment was made or in any other convertible currency, if the investment was made in a convertible currency.

The government has given no evidence of intent to discriminate against U.S. investments, companies, or representatives by expropriation, or of intent to expropriate property owned by citizens of other countries. The new government that took power on September 25, 2009 has mentioned plans to review privatizations that took place under the Communist-led government. No particular sectors are at greater risk of expropriation or similar actions in Moldova.

Moldovan law restricts the right to purchase agricultural and forest land to Moldovan citizens. Foreigners may become owners of such land only through inheritance and may only transfer the land to Moldovan citizens. In 2006, Parliament further restricted the right of sale and purchase of agricultural land to the state, Moldovan citizens and legal entities without foreign capital. However, foreigners are permitted to buy all other forms of property in Moldova, including land plots under privatized enterprises and land designated for construction. Moldovan-registered companies with foreign capital are known to own agricultural land, by means of loopholes in the previous law. In the past, the limit on foreign ownership of agricultural land was used in lawsuits as an argument against foreign companies. The only straightforward option available to foreigners who wish to use agricultural land in Moldova at this time is to rent agricultural land.

Since 2001, the GOM has cancelled several privatizations, citing the failure of investors to meet investment schedules or irregularities committed during privatization. While the government agreed to repay investors in such disputes, payment of compensations was delayed. Often, investors have had to apply to the European Court of Human Rights (ECHR) to enforce payment of compensation from the Moldovan government. The GOM has been compliant with the ECHR rulings involving foreign businesses.

Investors should be aware that Moldovan territory east of the Nistru (Dniester) River is under the control of a separatist regime that does not recognize the sovereignty of the legitimate Moldovan authorities in Chisinau. These separatists have declared a self-proclaimed "Dniester Moldovan Republic," commonly known as "Transnistria." The U.S. Embassy advises any potential investors that it is limited in its ability to provide any assistance, including consular and commercial services, in areas east of the Nistru River. Also, the GOM has indicated that it will not recognize the validity of contracts for the privatization of firms in Transnistria that are concluded without the approval of the

appropriate Moldovan authorities. In March 2006, Ukraine imposed new customs regulations under which Transnistrian companies seeking to engage in cross-border trade had to register in Chisinau. Despite initial protests by the local regime, most of Transnistria's large companies subsequently registered with Moldovan authorities.

In 2000, a U.S. company claimed that it exported packing equipment and other capital goods to a privatized Transnistrian factory, only to be forced out later by the local factory manager working in collusion with local authorities. The company's representatives reported that they had been harassed by Transnistrian authorities until they decided that the safety of their company's employees could not be guaranteed and the company decided to pull out.

Dispute Settlement

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Moldova has a record of disputes over past privatizations involving foreign investors. Party of Communists (PCRM) officials, when in opposition prior to 2001, were critical of what they regarded as "sweet-heart deals" in many privatizations. Consequently, once in power, the first government appointed by the PCRM in 2001 increased its scrutiny of the privatization process, including previously concluded contracts. The GOM cancelled some privatizations because of alleged irregularities in the privatization procedures or the failure of investors to meet an investment timetable. In order to ensure the predictability and credibility of the government's privatization policy, the previous GOM has attempted to introduce a statute of limitations of three years on the investigation of privatization files. There have been reports in recent years from companies that they had become politically motivated targets of investigations by the Center for Combating Economic Crimes and Corruption (CCECC), while others complained of bureaucratic red tape or arbitrary decisions made by government agencies, and police or tax authorities.

As a result of negotiations connected with Moldova's accession to the WTO, modern commercial legislation was adopted in accordance with WTO rules. The main challenges to the business climate remain the lack of effective and equitable implementation of laws and regulations, and arbitrary, non-transparent decisions by government officials. In recent years the previous GOM took opaque measures, which violated WTO commitments, to protect domestic producers from foreign competitors. For example, the previous Communist-led GOM introduced an environmental tax on bottles and other packaging of imported goods while not taxing bottles and packaging produced in Moldova. The Embassy has also received reports of targeted actions by politically-connected individuals against profitable businesses. These measures include abusive inspections and opaque administrative sanctions. Major foreign investors have also complained about the government's lack of willingness to engage in constructive dialogue on important issues affecting the business community.

In 2003, the government restructured the judiciary by eliminating the lower-tier of appellate courts (called tribunals) and the Higher Court of Appeals. The judiciary now consists of lower courts (i.e., trial courts), five courts of appeals, and the Supreme Court of Justice. Moreover, a separate layer of courts covering the judicial settlement of economic/trade-related litigations was created. This quasi-separate court system consists of the District Economic Court as a trial court, the Economic Court of Appeals, and the Supreme Court of Justice, whose jurisdiction includes the adjudication of

economic litigations. Courts are nominally independent from government interference. However, the Ministry of Justice controls their administration and budget, and reports of interference in law suits by influential figures are commonplace. In January 2008, a new department was created under the Ministry of Justice - the Judicial Administration Department – which deals with all judiciary-related administrative and financial matters. Moldovan courts suffer from low levels of efficiency, independence and citizen trust. In 2008, several lawyers representing Moldovan nationals at the European Court of Human Rights claimed that some judges were loyal to the Communist-led government and that government officials influenced their decisions.

The GOM accepts binding international arbitration of investment disputes between foreign investors and the state. By law, investment disputes can be solved through Moldovan courts or arbitration. In the event of ad hoc arbitration, the law requires compliance with the United Nations Commission on International Trade Law (UNCITRAL) rules, arbitration rules of the Paris International Chamber of Commerce (ICC) of January 1, 1998, and other rules, principles and norms agreed upon by the parties.

Moldova is a signatory to the Convention on the International Center for the Settlement of Investment Disputes (ICSID - Washington Convention) and the New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitral Awards. Moldova is also a party to the Geneva European Convention on International Commercial Arbitration of April 21, 1961, and the Paris Agreement relating to the application of the European Convention on International Commercial Arbitration of December 17, 1962. Moldova has also ratified various trade agreements establishing bilateral investment protection with 35 countries, including with the United States. Moldova enjoys normal trade relations with the United States.

Performance Requirements and Incentives

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Any incentives are applied uniformly to both domestic and foreign investors. Unlike its predecessor, the Law on Investment in Entrepreneurship, in effect since 2004, no longer protects new investors from legislative changes for ten years. However, the new law left in effect past privileges and guarantees granted to foreign investors under the old Law on Foreign Investment. One such privilege provides for exemptions from customs duties on imports until April 23, 2014, if the imports are used to manufacture goods bound for export.

Effective January 1, 2008, a zero percent income tax rate on re-invested corporate profits entered into force as part of a GOM initiative of "economic liberalization." The new GOM has promised to do away with the zero percent income tax rate on re-invested corporate profits in 2013. The current Moldovan Tax Code also provides for a series of corporate income tax breaks. Many of these tax breaks were rendered redundant when the new zero tax rate was introduced.

Companies with investments of more than USD 250,000 in charter capital enjoy a 50 percent exemption from income tax for five consecutive years. Companies with investments exceeding USD 2 million in charter capital enjoy full exemption from income tax for three consecutive years. Companies are eligible for such exemptions, if at least

80 percent of their income-tax payments were reinvested in production development or in national or sectoral development programs. For a minimum investment of USD 5 million, a company is exempt for three years from income-tax payments, if it reinvests locally 50 percent of what it would otherwise have paid in income tax. A USD 10 million investment requires only 25 percent reinvestment of income-tax payment for a full three-year exemption from income tax. Four-year exemptions are available for USD 20 million investments with 10 percent reinvestment and USD 50 million investment with zero percent reinvestment. Furthermore, upon expiration of these exemptions, eligible companies investing an additional USD 10 million can enjoy tax exemptions for an extra three-year period. Also, fixed assets contributed in-kind to the charter capital are exempted from the value-added tax and customs duties. Full income tax exemptions may also be enjoyed by small businesses (three years), software developers (five years), agribusiness (five years), and scientific research and innovations (unspecified). Commercial banks and microfinance organizations are tax exempt on income derived from loans with maturities over three years. Other tax exemptions and deductions are also available according to the Tax Code. The loss carry-forward period was raised from three to five years.

No formal requirements exist for investors to purchase from local sources or to export a certain percentage of their output. Informally, however, such requirements, often decided in an arbitrary and non-transparent basis, have been imposed by Moldovan authorities in some industries.

No limitations exist on access to foreign exchange in relation to a company's exports. There are no special requirements that nationals own shares of a company. Both joint ventures and wholly foreign-owned companies may be set up in Moldova.

While this is not official policy, in strategic sectors of the economy, such as energy and telecommunications, the GOM has always preferred to have experienced foreign investors instead of local investors. In all other sectors, foreign and local investors are nominally treated the same.

The government does not impose "offset" requirements on procurements. Moldovan law allows investments in any area of the country in any sector, provided that national security interests, anti-monopoly legislation, environmental protection, public health, and public order are respected.

Enforcement procedures for performance requirements to enjoy tax incentives are described in the Tax Code and related governmental decisions and Ministry of Finance instructions. Foreign investors are required to disclose the same information as local ones. Moldova has no discriminatory visa, residence, or work-permit requirements inhibiting foreign investors' mobility in Moldova. However, the government administers a quota system limiting the number of available residence permits. The Embassy has received complaints in the past that the issuance process for work and residence permits is unnecessarily complicated and seemingly arbitrary.

Moldova has commercial relations with over 100 countries. It has a liberal commercial regime. According to the Tax Code, Moldovan exports are exempt from value added tax. Although there are no formal import-price controls, some businesses have complained about arbitrary price assessments on imported goods by the Moldovan Customs

Service.

Right to Private Ownership and Establishment

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The Constitution of the Republic of Moldova guarantees the inviolability of investments by all natural and legal entities, including foreigners. Key constitutional principles include the supremacy of international law, a market economy, private property, provisions against unjust expropriation, provisions against confiscation of property, and separation of powers among government branches. The Constitution provides for an independent judiciary; however, government interference and corruption remain problems in the application of laws and regulations and in the impartiality of the courts.

Current investment legislation is based on nondiscrimination between foreign and local investors. Moldovan law ensures full and permanent security and protection of all investments, regardless of their form, although application of the law remains spotty. There are no economic or industrial strategies that have a discriminatory effect on foreign-owned investors in Moldova, and no limits on foreign ownership or control, except in the right to purchase and sell agricultural and forest land, which is restricted to Moldovan citizens.

International treaties and Moldovan law regulate business activity, including foreign investments. Such laws include, but are not limited to, the Civil Code, the Law on Property, the Law on Investment in Entrepreneurship, the Law on Entrepreneurship and Enterprises, the Law on Joint Stock Companies, the Law on Small Business Support, the Law on Financial Institutions, the Law on Franchising, the Tax Code, the Customs Code, the Law on Licensing Certain Activities, and the Law on Insolvency.

The current Law on Investment in Entrepreneurship came into effect on April 23, 2004. It was designed to be compatible with European legislative standards and defines types of local and foreign investment. It also provides guarantees for the respect of investors' rights, non-application of expropriation or actions similar to expropriation, and for payment of damages in the event investors' rights are violated. The law permits investment in all sectors of the economy, while certain activities require a business license.

There is no screening of foreign investment in Moldova and legislation permits 100 percent foreign ownership in companies. By statute, special forms of legal organizations and certain activities require a minimum of capital to be invested (e.g., Moldovan Lei (MDL) 5,400 (USD 450) for limited liability companies, MDL 20,000 (USD 1,650) for joint stock companies, MDL 15 million (USD 1.23 million) for insurance companies and MDL 50 million (USD 4.1 million) for banks. The current rate of exchange is 12.20 MDL per USD.

Protection of Property Rights

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The legal system protects and facilitates the acquisition and disposition of all property

rights. Moldova has adopted laws on property and on mortgages. A system for recording property titles and mortgages is in place; however, the mortgage market is still underdeveloped.

Moldova adheres to key international agreements on intellectual property rights. Moldova is a signatory to the International Convention Establishing the World Intellectual Property Organization. However, the Business Software Alliance consistently ranks Moldova among the top ten offenders for the use of unlicensed software in government agencies.

Moldova took measures to implement and enforce the WTO TRIPS agreement before its official accession to the WTO, and adopted local laws to protect intellectual property, patents, copyrights, trademarks and trade secrets. The country has an agency for the protection of copyright, the State Agency for Intellectual Property. Although many basic policies are in place and meet international standards in the field, enforcement is sporadic. Also, Moldova still needs to implement changes to its Criminal Code to strengthen copyright protection.

Transparency of Regulatory System

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Bureaucratic procedures are not always transparent and red tape often makes processing registrations, ownership, etc. unnecessarily long, costly and burdensome. Discretionary decisions by state functionaries provide room for corruption. The GOM has taken measures to fight corruption with the implementation of the "guillotine law" in 2004, which eliminated costly and obsolete regulations and forced the publication of all business-related regulations. All regulations and governmental decisions related to business activity have been published in a special business registry. These steps were intended to raise the awareness of business people about their rights, increase the transparency of business regulations, and help fight corruption. A second "guillotine law," the Law on Basic Principles Regulating Entrepreneurial Activity, was enacted in August 2007. The GOM started applying a Regulatory Impact Assessment to all draft laws and acts bearing on business activity to enhance transparency in the drafting of laws and regulatory acts. The GOM vetted 100 laws with the goal of reducing payments to regulatory and control bodies and streamlining business-licensing procedures and economic-financial controls.

The legal framework for anti-monopoly regulation is the Law on Protection of Competition. The law establishes the fundamental principles, based on EU standards, for regulating the activity of enterprises with a de facto monopoly and for support and development of competition. After several years of delay, the government established a National Competition Agency in 2007. However, the agency's targeted actions against major foreign investors right at its outset drew accusations of abuse, lack of experience, and flawed antitrust legislation. While the GOM has taken note of the business community's complaints, it has not taken action to change the law.

The government took measures to streamline business registration with the implementation of a "one-window" approach in 2004. Despite the creation of a Licensing Chamber and a significant reduction in the number of regulated business activities requiring licensing, businesses must still provide a great deal of supporting

documentation to receive a license. The GOM has made progress in simplifying registration procedures during the startup stage, but still has a long way to go to ease day-to-day business activity and simplify regulation of foreign trade transactions, business licensing, and lending.

The government usually publishes significant laws in draft form for public comment. Business fora and trade associations represent other opportunities for comment. The working group of the State Commission for Regulation of Entrepreneurial Activity, which was established as a filter to eliminate excessive business regulations, meets weekly to vet draft governmental regulations dealing with entrepreneurship. The working group's meetings are open to interested businesses. The Foreign Investors Association (FIA) was established in 2004 with the support of the OECD. The FIA engages in a dialogue with the GOM on topics related to the investment climate and publishes an annual White Book of concerns and recommendations for the improvement of the investment climate. In 2006, the American Chamber of Commerce (AmCham) was registered in Moldova, representing another voice for the business community. In fall 2009, the AmCham produced a Roadmap for the Development of Moldova's Business and Economic Climate which it presented to the new Prime Minister. The Roadmap makes a number of recommendations to improve business regulation.

In 2003, the GOM passed new criminal and civil codes and ratified several important international conventions that, in general, create a better environment for the market system.

Moldova introduced its National Accounting Standards (NAS), based on International Accounting Standards (IAS), in 1998. While this meant greater transparency of financial information and compatibility with IAS, the NAS has not been updated since then, leaving it outdated. NAS is not compatible with the International Financial Reporting Standards (IFRS). A new law on accounting took effect on January 1, 2008. Moldova is moving toward adoption of IFRS by 2011. Large and publicly listed companies that meet compliance criteria set out in the law apply the IFRS from January 1, 2009.

Efficient Capital Markets and Portfolio Investment

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Laws, governmental decisions, securities regulations, National Bank regulations, and Stock Exchange regulations provide the framework for capital markets and portfolio investment in Moldova. The GOM began regulatory reform in this area in 2007 with a view to spurring the development of the weak non-banking financial market. In particular, since 2008 only two bodies – the National Bank and the National Commission on the Financial Market – regulate financial and capital markets.

Credit is allocated on market terms with banks being the only reliable source of business financing. The GOM regulates credit policy via credits from the National Bank, auctions through commercial banks, compulsory reserves, credits secured through collateral, open market operations, and T-bill auctions on the primary market. Foreign investors may obtain credit on the local market. However, local commercial banks loan funds at high interest rates, and mostly on short-term, which reflect the country's perceived high economic risk and double-digit inflation in the years prior to 2009. The situation was further exacerbated in 2009 by the fallout from the global financial crisis. Despite initial

confidence that the country would emerge from the crisis relatively unscathed, the banking sector faced difficulties as a result of dropping savings deposits. Poor credit policy coupled with adverse financial conditions brought one Moldovan bank down in 2009. Large investments rarely can be financed through a single bank and require a bank consortium. Recent years have seen a growth in leasing and micro-financing. In 2007, Raiffeisen Leasing was the first international leasing company to open a representative office in Moldova.

The private sector's access to credit instruments is difficult because of the insufficiency of long-term funding and excessively high interest rates. Financing through local private investment funds is virtually non-existent. A few U.S. investment funds have been active on the Moldovan market, notably NCH Advisors, Western NIS Enterprise Fund, and Emerging Europe Growth Fund, the latter two managed by Horizon Capital equity fund managers.

Moldova's securities market is generally underdeveloped. In 2007, a "mega-regulator," the National Commission on the Financial Market (NCFM), replaced the National Securities Commission. The NCFM supervises the securities market, insurance sector and non-bank financing. The NCFM is operationally independent. Starting October 1, 2008, it acquired the right to issue and to withdraw licenses for all non-bank financial sectors it supervises. The Commission adopted a Corporate Governance Code and passed new regulations intended to simplify the issuance of corporate securities and increase the transparency of transactions at the Moldovan Stock Exchange.

Moldovan banks are the main source of business financing, with non-bank financing, albeit growing, poorly developed. The banking system has two levels: the National Bank of Moldova (NBM) and 15 commercial banks. The NBM supervises the commercial banks and reports to the Parliament. The GOM holds a controlling stake in one bank, Banca de Economii. Foreign investors' share in Moldovan banks' capital is more than 75 percent.

As of October 31, 2009, total bank assets were USD 3.4 billion. Moldova's five largest commercial banks account for about 68 percent of the total bank assets, as follows (as of October 31, 2009): MoldovaAgroindbank: MDL 7,235 million (USD 654 million) in assets; Victoriabank: MDL 5,547 million (USD 501 million); Banca de Economii: MDL 5,026 million (USD 454 million); Moldindconbank: MDL 4,269 million (USD 386 million); Mobiasbanca: MDL 3,138 million (USD 283 million).

Competition from State Owned Enterprises

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Moldovan legislation does not make formal discriminations between state-owned enterprises and private-run businesses. By law, governmental authorities have to provide a level legal and economic playfield to all enterprises.

The Law on Entrepreneurship and Enterprises permits only state enterprises to participate in the following activities:

- Some types of human and animal medical research;
- Manufacture of orders and medals;
- Production of symbols verifying payment of state taxes and fees;

- Postal services (except express mail) and production of postage stamps;
- Sale and production of combat and special military technical equipment, explosives (except gun powder) and all weapons;
- State registry, tracking and technical inventory of real estate, restoration of ownership titles and administration of real estate;
- Printing and minting of currency and printing of state securities; and
- Certain scientific activities.

The GOM has privatized most state-owned enterprises, and some sectors of the economy are almost entirely in private hands. However, some large enterprises are still controlled by the government and their privatization has been either postponed indefinitely or abandoned altogether. The major government-owned enterprises are two northern electrical distribution companies, the Chisinau heating companies, the fixed-line telephone operator Moldtelecom, the state airline Air Moldova, the state railway company and the majority state-owned bank Banca de Economii. State-owned enterprises are sometimes seen to be at an advantage relative to privately-run businesses. Some of these state-run companies use their dominant position in the industry to stifle competition from the private sector. In recent years, this has been particularly the case in the telecom industry.

After a period of abated privatization activity consisting of a selloff of residual governmental shares in companies originally sold during the mass privatizations of the 1990s, the GOM picked up efforts to sell a series of attractive assets. In 2008, the GOM privatized the footwear manufacturer Zorile, the former Soviet military-industrial complex Mezon, and the hotel Codru. Many have questioned the sales which sometimes appear to be made at rates far below market price. As a result of the global economic crisis and two parliamentary elections, GOM privatization came to standstill in 2009.

Corporate Social Responsibility

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Corporate Social Responsibility (CSR) and a culture of volunteerism and philanthropy are not highly developed in Moldova. Many Moldovans still have a view widely held from Soviet times of a paternalistic government being responsible for maintaining the social welfare of all citizens. With the entry of foreign companies into the Moldovan economy, the concept of CSR is being introduced. The American Chamber of Commerce (AmCham) with its 64-corporate members has taken a lead by organizing an annual CSR conference at the end of October for the past three years. AmCham has also set an example with its corporate members in the business sector by engaging in a forestation project, in the rehabilitation of medical facilities, and in Christmas collection projects for orphanages.

Foreign investors have incorporated CSR principles into their operations. CSR activities are viewed positively by Moldovans but are largely centered in the capital of Chisinau.

Political Violence

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The U.S. Embassy has received no reports over the past ten years involving politically motivated damage to business projects or installations in Moldova. Following parliamentary elections on April 5, 2009 when the Party of Communists won 60 of 101 seats, protestors severely damaged the Parliament and the Presidential Administration building across the street from Parliament. However, the unrest did not target business facilities or projects.

Separatists control the Transnistrian region of Moldova along the eastern border with Ukraine. Although a brief armed conflict took place in 1991-1992, the cease-fire of July 1992 has generally been observed. Local authorities in Transnistria maintain a separate monetary unit, the Transnistrian ruble (current market exchange rate is approximately 9.7 rubles per one USD), and a separate customs system. Despite the political separation, economic cooperation takes place in various sectors. In recent years, the GOM has implemented measures requiring businesses in Transnistria to register with Moldovan authorities (see paragraph 19). The Organization for Security and Cooperation in Europe (OSCE), Russia, and Ukraine acting as guarantors/mediators and the U.S. and EU as observers continue to conduct negotiations (known as the "five plus two" format). Settlement talks stalled in 2006, but negotiations resumed in 2008 following several confidence-building initiatives announced by the Moldovan President earlier in 2007. Any progress in talks has been piecemeal at best.

Corruption

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Moldova is making efforts to adopt European and broader international standards to combat corruption and organized crime. In 2007, Moldova ratified the United Nations Convention against Corruption, subsequently adopting amendments to its domestic anti-corruption legislation. In 2008, the GOM developed and enacted a series of companion laws designed to address current legislative gaps such as the Law on Preventing and Combating Corruption, the Law on Conflict of Interests and the Law on the Code of Conduct for Public Servants. However, in 2009, an Anticorruption Prosecutor's Office report stated that lack of experience and a rushed enactment process of these laws led to a series of shortcomings that were identified throughout 2009.

Moldova's Criminal Code (effective June 12, 2003) has also contributed to the effort to combat corruption. It includes articles on public and private sector corruption, combating economic crimes, criminal responsibility of public officials, active and passive corruption, and trade of influence. These additions put the legislation more in line with international, anti-bribery standards by criminalizing the act of offering a bribe. Under this definition, the act of promising, offering or giving a bribe to a public official is a crime. In 2009, GOM initiated and implemented a comprehensive legislative initiative generically called "humanization of criminal penalties." This initiative aimed at introducing a series of amendments to the Criminal Code which were meant to repeal certain terms that were not in line with EU standards. In terms of penalties, the amendments aimed at decreasing the imprisonment time and increasing fines. This initiative has also affected the corruption crimes category.

Both offering and accepting a bribe are criminal acts. A bribe is not deductible for tax purposes.

According to the Moldovan Criminal Code, offering a bribe is regulated by Art. 325 entitled "Active corruption." The minimum penalty for offering a bribe is now imprisonment for up to five years with a fine of 20,000 MDL (approximately USD 1,600) to 60,000 MDL (approximately USD 4,900). If committed by two or more persons or on a large scale, the offering of bribe is punishable with imprisonment from three to seven years with a fine of 20,000 MDL (approximately USD 1,600) to 60,000 MDL (approximately USD 4,900). The maximum penalty for offering a bribe in its aggravated forms, on an especially large scale, in the interest of an organized criminal group or criminal organization is punishable with imprisonment from six to twelve years with a fine from 20,000 MDL (approximately USD 1,600) to 60,000 MDL (approximately USD 4,900)

Accepting a bribe is regulated by the Moldovan Criminal Code under Art. 324 - "Passive Corruption." The minimum penalty for accepting a bribe by an official is imprisonment from three to seven years with a fine from 20,000 MDL (approximately USD 1,600) to 60,000 MDL (approximately USD 4,900) and the deprivation of the right to hold certain positions or practice certain activities for two to five years. If the offense is committed by two or more persons, through extortion or on a large scale, the penalty is five to ten years imprisonment with a fine from 20,000 MDL (approximately USD 1,600) to 60,000 MDL (approximately USD 4,900) and the deprivation of the right to hold certain positions or practice certain activities for two to five years. Aggravated forms of accepting a bribe by a high ranking official on an especially large scale in the interest of a criminal organization are punishable by seven to fifteen years of imprisonment with fine from 20,000 MDL (approximately USD 1,600) to 60,000 MDL (approximately USD 4,900) and the deprivation of right to hold certain positions or practice certain activities for three to five years.

Several international and local organizations in Moldova work on combating corruption. In December 2006, the Republic of Moldova and the United States signed a two-year, USD 24.7 million Millennium Challenge Corporation (MCC) Threshold Country Program (TCP) agreement which targeted corruption. Moldova's MCC TCP program focused on combating corruption in the judiciary, the health care, tax, customs and police agencies.

In 2005, the Council of Europe's Program against Corruption and Organized Crime (PACO) launched a one-year regional project called "Support for the National Anti-Corruption Strategy of Moldova." An agreement for a follow-up project - the Project against Corruption, Money Laundering, and Terrorism Financing in the Republic of Moldova (MOLICO) - was signed in July 2006 by the Council of Europe, the European Commission, and the Swedish International Development Cooperation Agency. The MOLICO project is aimed at ensuring the implementation of Moldova's anti-corruption strategy on the basis of annual action plans and strengthening the anti-money laundering/counter-terrorist financing system of Moldova.

Moldova is not a signatory of the Organization for Economic Cooperation and Development (OECD) Convention on Combating Bribery. However, Moldova is part of two regional anti-corruption initiatives: the Stability Pact Anti-Corruption Initiative for South East Europe (SPAI) and the Group of States against Corruption (GRECO) of the Council of Europe. Moldova cooperates closely with the OECD through SPAI, and with GRECO, especially on country evaluations. In 1999, Moldova signed the Council of Europe's Criminal Law Convention on Corruption and Civil Law Convention on Corruption. Moldova ratified both conventions in 2003.

The U.S. Embassy has received reports that corruption and bribery are serious problems for foreign investors. For example, when a foreign investor discovered that he had under-paid his taxes and wished to remedy the situation, the tax inspector assigned to the company attempted to extort money. The tax service later lauded the investor for his self-reporting and negotiated a reduced payment. The Embassy has received reports of "informal" hostile takeovers of profitable businesses. In these cases, business owners are approached by politically-connected individuals who wish to acquire part of the business. If business owners refuse, they are soon forced to close via non-transparent measures.

According to Transparency International reporting and a recent survey, corruption is most pervasive in the following areas: law enforcement, customs, taxation and regulatory system; the judicial system; the health care system; the educational system, government procurement and procurement in general; agricultural subsidies and social assistance.

Moldova's ranking in Transparency International's Corruption Perception Index (CPI) improved in 2009 to 92 out of 180 countries. By comparison, in 2008, Moldova was ranked 109 out of 180, behind such countries as Belize, Armenia, Tanzania and Rwanda.

In December 2009, the Moldovan Cabinet of Ministers approved the draft Law on bailiffs which was developed by the Ministry of Justice. The draft law provides for the creation of a private bailiffs system. The process of drafting this legislation is the first action aimed at bringing a change to the enforcement system in Moldova. The non-enforcement or tardy enforcement of court judgments still remains a problem. This situation affects the degree of trust that society has with respect to the judiciary and also triggers negative consequences in the development of a sound business environment in Moldova. In 2009, the Council of Europe organized a visit of European experts in Moldova who assessed the process of court judgments enforcement. The experts concluded that the bailiffs system lacks financial resources to pursue an effective and timely enforcement of court judgments and orders. Moreover, based on a complex analysis of cases that Moldova lost at the European Court of Human Rights, the experts advised the GOM to review the status of the bailiffs and consider the liberalization of this profession as a solution. The private bailiffs will work in individual or associated offices. Their program of activities will be approved by the National Bailiffs Union – a professional organization representing this profession.

Bilateral Investment Agreements

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Moldova has signed bilateral investment protection and promotion agreements with 35 countries, including Albania, Austria, Azerbaijan, Belarus, Belgium, Bosnia and Herzegovina, Bulgaria, China, Croatia, the Czech Republic, Finland, France, Georgia, Germany, Greece, Hungary, Israel, Italy, Kuwait, Kyrgyzstan, Latvia, Lithuania, the Netherlands, Poland, Romania, Russia, Slovenia, Spain, Switzerland, Tajikistan, Turkey, Ukraine, the United Kingdom, the United States, and Uzbekistan.

Moldova has a bilateral treaty with the United States on the Encouragement and

Reciprocal Protection of Investment, but does not have a bilateral taxation treaty with the United States.

OPIC and Other Investment Insurance Programs

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In 1992, the Moldovan and U.S. governments signed an investment incentive agreement that exempts OPIC from Moldovan taxes on loan interests and fees. OPIC became active in Moldova in September 1997, providing political-risk insurance to an American company investing in an agribusiness. In 2002, OPIC provided nearly USD 1 million in political-risk insurance to two U.S. companies operating in the telecommunications and agricultural sectors. In 2004, OPIC extended a USD 150,000 loan to a New York-based small telecommunications business. In 2005, OPIC closed on a USD 3 million loan to Procredit, a microfinance institution providing loans to small businesses in Moldova. In 2007, OPIC committed USD 10 million in financing to a U.S. company to support the expansion of its agribusiness operations.

The U.S. Export-Import Bank (Ex-Im) provides U.S. companies investing in Moldova short- and medium-term financing in the private sector under its insurance, loan and guarantee programs. In 2000, the Ex-Im Bank and Moldova signed a Framework Guarantee Agreement setting the terms for the GOM to issue sovereign guarantees to facilitate Ex-Im Bank financing of U.S. exports to Moldova. Also in 2000, the Ex-Im Bank and Moldova signed a Project Incentive Agreement that enabled the Bank to consider financing of U.S. exports for credit-worthy private sector projects in Moldova on a non-sovereign risk basis, but which required host-government support in project-related activities such as permit and license approvals. Under the agreement, repayment of Ex-Im Bank financing is based on the capture of financed projects' revenue streams in special escrow accounts held in banks approved by the Ex-Im Bank.

In 2002, the Ex-Im Bank signed a memorandum of cooperation with the Black Sea Trade and Development Bank. Under the memorandum, the Ex-Im Bank's financing products can be used to support exports of U.S. goods and services to any country located in the Black Sea region, including Albania, Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Moldova, Romania, Russia, Turkey and Ukraine. The agreement enables the Black Sea Trade Development Bank to act as a guarantor of specific transactions and also provides for parallel financing arrangements.

Moldova is eligible for U.S. Trade and Development Agency (USTDA) funding of feasibility studies, orientation visits, specialized training grants, business workshops and other forms of technical assistance. USTDA considers funding for a wide range of sectors with export potential for U.S. companies. In 2003, USTDA approved funding for a study on upgrading the telecom system for the Moldovan Customs Service.

Institutions such as the European Bank for Reconstruction and Development and the World Bank are very active in Moldova in both the private and public sectors, offering various financial tools for both insurance and credit. Moldova is a member of the Multilateral Investment Guarantee Agency (MIGA), a member of the World Bank group. MIGA promotes foreign direct investment into developing countries by insuring investors against political risk, advising governments on attracting investment, sharing information through on-line investment information services, and mediating disputes between

investors and governments. Moldova is also eligible for project and trade financing from the Black Sea Trade and Development Bank.

Labor

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Skilled labor is readily available in Moldova, which has an adult literacy rate of 99.1 percent per UNDP's 2009/2010 National Human Development Report. The labor force includes numerous workers with specialized and technical skills, but labor migration has led to some shortages of workers. The Moldovan constitution guarantees all employees the right to establish or join a trade union. Trade unions have influence in the large and mostly state-owned enterprises and historically have been strong in negotiations on labor relations, such as minimum wage and basic worker rights. Unions are less active in small private companies. Moldova is a signatory to numerous conventions on the protection of workers' rights.

The Moldovan General Federation of Trade Unions has been a member of the ILO since 1992, and has also been affiliated with the International Confederation of Free Unions in Brussels since 1997. After the Federation split into two separate unions in 2000, the two merged in 2007, forming the National Trade Union Confederation.

Foreign-Trade Zones/Free Ports

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One of the GOM's stated economic policies is the creation and development of free economic zones (FEZ). At present, six FEZs and one international free port – Giurgiulesti – are registered in Moldova. According to Moldovan law, export-oriented production is the main goal of such zones. FEZ commercial residents are allowed to sell no more than 30 percent of their products in Moldova. FEZ activity is regulated by the Law on Free Economic Zones (2001). Foreigners have the same investment opportunities as local entities. FEZ commercial entities enjoy the following advantages: 25 percent exemption from income tax; 50 percent exemption from tax on income from exports; for investments of more than USD 1 million, a three-year exemption from tax on income resulting from exports, and for investments of more than USD 5 million, a five-year exemption from tax on income from exports; zero value-added tax; exemption from excises; and protection of residents against any changes in the law for 10 years. The GOM announced the establishment of three industrial parks in 2008, but their actual operation has not yet begun. Businesses operating in industrial parks will not enjoy special fiscal treatment, but will have access to ready-to-use production facilities and offices.

Similar to the FEZs, the Giurgiulesti Free International Port was established in 2005 for 25 years. Commercial residents of the port enjoy the following advantages: 25 percent exemption from income tax for the first 10 years following the first year when taxable income was reported; 50 percent exemption from tax on income for the remaining years; exemption from value-added tax and excises on imports and exports outside Moldova's customs territory; zero valued-added tax on imports from Moldova; and protection of

commercial residents against any changes in the law until February 17, 2030.

Foreign Direct Investment Statistics

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As of January 1, 2009, the total stock of foreign direct investment (FDI) inflows in Moldova since independence amounted to USD 2,565.7 million, according to the National Bank of Moldova (NBM).

According to NBM data, annual FDI inflows (in million USD) to Moldova have increased steadily over the past several years: 360.65(2006); 611.85(2007); 868.31 (2008); and 231.05 (Jan-Sept 2009).

FDI by country in 2008, according to NBM data and based on charter capital (in million USD) was as follows:

Cyprus 54.46
Germany 50.11
Romania 32.79
Italy 27.38
Ukraine 18.74
United Kingdom 18.42
Austria 11.90
Netherlands 10.96
United States 10.21
France 9.64
Other countries 197.09

According to the NBM, the stock of FDI inflows (in million USD) by country of origin for the ten largest investing countries for the period 1992 to 2008 was:

1. Russia 167.57
2. Italy 123.64
3. United States 112.50
4. Germany 101.80
5. Romania 94.01
6. France 91.95
7. Netherlands 91.20
8. Spain 85.09
9. Cyprus 82.00
10. Austria 48.99

Based on figures from the National Bureau of Statistics, FDI since 1992 by sectors was as a percentage of total FDI:

- Food processing: 24.1 percent
- Financial activities: 21.8 percent
- Electricity, gas and water supply: 19.5 percent
- Wholesale, retail & repair services: 18.4 percent
- Real estate transactions: 7.1 percent
- Transportation and communications: 4.5 percent
- Hotels and restaurants: 1.8 percent
- Other activities: 2.8 percent

According to NBM data, at the end of 2008, Moldova's direct investment abroad since independence amounted to USD 57.30 million.

In 2008, FDI inflows were 14.4 percent of annual GDP (USD 6.048 billion).

Major U.S. investors or representatives of U.S. companies in Moldova include:

- NCH Group of Investment Funds: real estate and financing companies;
- Horizon Capital: equity investment fund managing the investments of Western NIS Enterprise Fund (which is phasing out its local activity) and the recently Emerging Europe Growth Fund with holdings in banking, food processing and glass manufacturing;
- McDonald's: fast food;
- Coca-Cola: soft drinks;
- Foodpro International: food processing;
- Development Group USA: food processing, wine and media;
- Lion Gri: wine;
- Transoil Ltd.: farming, agribusiness and grains trading;
- Mary Kay: perfumes and cosmetics;
- Avon: perfumes and cosmetics.

Web Resources

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Ministry of Economy and Trade www.mec.gov.md

Moldovan Investment and Export Promotion Organization (MIEPO) www.miepo.md

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How Do I Get Paid (Methods of Payment)

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Payment methods and terms will vary depending on the type of business model and relationship between companies. As a rule, companies start their business relations with advance payment for deliveries. Once trust has been built and a positive record of payment established, suppliers may consider extending short- or eventually longer-term credit to bolster sales. Few companies in Moldova may afford payments on large transactions and therefore credit arrangements will be needed for big projects. Moldovan banks also use a wide range of letters of credit, which provide greater protection to suppliers against payment delays.

Authorized Moldovan commercial banks are members of SWIFT (Society for Worldwide Inter-bank Financial Telecommunications).

How Does the Banking System Operate

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Moldova's banking system was set up in two tiers in 1991 around the time of the breakup of the USSR and currently comprises a central bank and 15 commercial banks.

Set up in 1991 under the law on the National Bank of Moldova, the central bank licenses, supervises, and regulates the activity of financial institutions in Moldova. The National Bank is accountable to the Moldovan Parliament. An overhaul of banking legislation was undertaken in 1995 in keeping with the structural reforms that extended the role and functions of the central bank and second-tier commercial banks. The National Bank has undertaken measures to uphold banking stability, scoring considerable progress in observing international standards and codes as set out by the Basel core principles for effective banking supervision. In 2006, the central bank's priority objective was shifted from maintaining the stability of the national currency to ensuring price stability. Moldova's banking sector has successfully withstood past economic shocks and while it did relatively well in coping with the global financial initially, one bank went bankrupt in 2009.

A deposit insurance fund was set up in 2004 to guarantee a minimum amount of individual saving deposits in commercial banks. The fund has recently raised the guaranteed amount to 6,000 Moldovan lei (around USD 470).

In a bid to bring about consolidation in the banking sector, the National Bank has raised the minimum required capital over the years a few times. The current minimum required capital for banks was set at 100 million Moldovan lei (USD eight million).

Private institutions dominate the banking sector and Banca de Economii (Savings Bank) remains the last state-owned bank. The Government intends to privatize the bank eventually, but has been postponing the announcement of a tender.

Some 75 percent of banking capital is accounted for by foreign investment. The year 2006 saw the arrival of reputable European banks in Moldova: Italy's Gruppo Veneto Banca and France's Societe Generale, both acquiring two mid-sized banks. In the case of Mobiasbanca, the takeover by the French bank propelled the bank into the top five Moldovan banks. Romania's Banca Comerciala Romana, a subsidiary of Austria's Erste Bank, has a branch in Chisinau. Another Austrian bank, Raiffeisen Bank, set up a representative office with a view to establish a fully operational bank in the future.

While Moldova's regulatory landscape does not pose challenges preventing banks from opening offices in other towns, most bank offices are concentrated in Chisinau, which is not just the administrative capital, but also the business and economic center of the country.

Spurred by remittances, commercial banks have been growing over recent years, outperforming the rest of the Moldovan economy. Moldovan banks have been diversifying their activity and offering new financial products. They are now issuing and servicing debit and credit cards, offering money transfer services, on-line banking, and venturing into retail lending. While credit card use is still relatively rare, ATMs are widespread in Chisinau, and the number of ATMs and stores accepting payment cards has been on the rise.

As of January 1, 2010, the five largest commercial banks in Moldova held 67.8 percent of the total banking assets worth MDL 39.9 billion (USD 3.1 billion). The five banks are Moldova Agroindbank, Banca de Economii, Victoriabank, Moldindconbank, and Mobiasbanca.

Most Moldovan commercial banks have built their activity on the banking structures of the former Soviet Union and therefore, initially, had been specialized in servicing certain economic sectors, which is attested by their names. As a result of economic decline following the breakup of the Soviet Union, all Moldovan banks turned from specialization to universal banking in order to diminish risks providing services to both corporate and retail clients.

In contrast to the West, banks still play a minor role in the country's economic development and business activity. Moldova's high credit risk and inflation rates determine the high interest rates on limited bank loan business. Moldovan banks have been boasting high liquidity ratios for the past years that helped provide a cushion for external shocks. However, a long-standing problem of the banking system has been the discrepancy between the availability of funds and issuance of loans. Private companies, most notably small and medium-sized enterprises, still complain of limited access to financing.

A persistent problem in the banking system is the insufficiency of funds with longer tenors. The population often opens deposits for periods less than 12 months. Loans and state treasury bills provide limited diversification for the banks' assets, under the circumstances in which Moldova's stock market remains underdeveloped and provides limited options for long-term investments. As a result, banks have to rely on long-term credit lines from the World Bank, the European Bank for Reconstruction, and other international financial institutions as well as their own retained profits to credit businesses long term.

Foreign-Exchange Controls

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Moldova accepted Article VIII of the IMF Charter in 1995, which required liberalization of current foreign exchange operations. The national currency, the Leu (plural Lei), is fully convertible for business (current account) purposes, with the central bank applying a managed float to reduce currency fluctuations. There are no restrictions on the conversion or transfer of funds associated with foreign investment in Moldova. Foreign investors can freely repatriate their earnings. After the payment of taxes, foreign investors are permitted to repatriate residual funds. Residual-funds transfers are not subject to any other duties or taxes, and do not require special permission. There are no significant delays in the remittances of investment returns, since domestic commercial banks have accounts in leading multinational banks. Companies are not obliged to sell their hard currency earnings to the government.

Transactions related to capital transfers out of the country may require an authorization from the National Bank.

U.S. Banks and Local Correspondent Banks

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There are no U.S. banks in Moldova. Almost all commercial banks have correspondent accounts in large U.S. banks, predominantly in The Bank of New York and Citibank.

Project Financing

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High interest rates ranging from 11 percent to 24 percent on loans issued in national currency and eight percent to 12 percent in foreign currency have been a deterrent for many Moldovan businesses. In addition, the bulk of financing from banks is short-term. Given the relative small size of Moldova's financing sector, a single bank may find itself under a lot of strain to provide lending for large projects.

Project financing is very limited unless implemented through subsidized loan programs funded by foreign governments and multilateral financial institutions, and aimed at private business development. Even in such situations, interest rates are seldom below ten percent.

World Bank

Since Moldova joined the World Bank in August 1992, its lending has provided consistent support for Moldova's economic reforms focusing on poverty alleviation and sustainable economic growth. Since the inception of the World Bank's program, 49 projects for a total amount of \$768.4 million have been approved by the World Bank's Board of Executive Directors.

The World Bank has a Country Partnership Strategy (CPS) for the Republic of Moldova for 2009-2012. The CPS is the main assistance framework at the country level, which will guide the World Bank's interventions in Moldova over the four-year period. Development assistance efforts in Moldova in the CPS will aim to support a sustainable growth strategy, which capitalizes on opportunities for remittance flows to be used productively to allow the country to increase private savings and investment.

Financing for commercial projects is available through the World Bank Group's arm International Finance Corporation (IFC). The IFC makes loans and equity investments, organizes syndications, underwrites securities, and offers advisory services. IFC invests exclusively in for-profit projects and charges market rates for its products and services, which usually represent LIBOR plus country risk and project specific risk. A company or entrepreneur seeking to establish a new venture or expand an existing enterprise can approach IFC directly and submit an Investment Proposal for IFC's review.

European Bank for Reconstruction and Development (EBRD)

In Moldova, the EBRD focuses on improving the business climate, supporting economic diversification, and reforming the energy and municipal sector. In particular, the Bank supports private companies with direct investments, with intermediary finance through local banks, and by developing local business skills. It also pays particular attention to privatization and post-privatization.

The bank has 57 ongoing projects with a net cumulative business volume of Euro 301 million. The reconstruction of the Chisinau International Airport is considered so far to be EBRD's most successful project in Moldova. Completed in little over one year, the new airport facilities which opened to visitors in June 2000 attracted USD nine million of EBRD loans for a term of 12 years just below seven percent per annum. In 2008, the EBRD approved another loan for the Chisinau International Airport of EUR 25.5 million. The proceeds will be used for the rehabilitation and upgrade of the existing runway, taxiways, aprons, and other connected core assets of the Airport. The European Investment Bank (EIB) is co-financing together with the EBRD with a loan of EUR 20 million.

Western NIS Enterprise Fund

The Western NIS Enterprise Fund (WESTNIS) is a USD 150 million fund that invests in small and medium-sized companies in Ukraine and Moldova. Proceeds from WNISEF's equity investments of USD one million to USD ten million in size are used primarily for restructuring and expansion. Since its inception, WNISEF has invested approximately USD 138 million in a range of industries with substantial experience in fast moving

consumer goods, construction materials, packaging, retail, and financial services. WNISEF is managed by Horizon Capital Associates, LLC.

WNISEF is governed by an independent Board of Directors comprised of leading representatives of the U.S. business community. WNISEF was established by the U.S. Congress and funded by the U.S. government via USAID. The success of WNISEF led to the establishment of the USD 132 million Emerging Europe Growth Fund, LP (EEGF) in 2006, with an USD 25 million cornerstone investment by WNISEF and additional capital provided by global institutional investors.

Black Sea Trade and Development Bank

Established in 1998 by Albania, Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Moldova, Romania, Russian Federation, Turkey, and Ukraine, the Black Sea Trade and Development Bank (BSTDB) is capitalized with approximately USD 1.5 billion. The Bank supports economic development and regional cooperation by providing trade and project financing, guarantees, and equity for development projects supporting both public and private enterprises in the member countries.

BSTDB's strategy is to increase trade flows between member countries. Also, the BSTDB places great emphasis on private sector development. This entails supporting the development of small and medium-sized enterprises (SMEs) through development of local financial intermediation. On a case-by-case basis, the Bank examines the possibility of supporting specific enterprise restructuring and privatization assignments. In addition, the Bank intends to contribute to the development and privatization of a competitive private sector in the financial sector.

Aside from the above listed multilateral financial institutions, U.S. companies also have the option of getting financing and insurance for exports, investment, and development projects through such U.S. agencies as the U.S. Trade and Development Agency (USTDA), the U.S. Export-Import Bank (EXIM), and the Overseas Private Investment Corporation (OPIC). For more information about these and other agencies please see Chapter 6 Investment Climate and the explore website resources below.

Web Resources

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Export-Import Bank of the United States: <http://www.exim.gov>

Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html

OPIC: <http://www.opic.gov>

Trade and Development Agency: <http://www.tda.gov/>

SBA's Office of International Trade: <http://www.sba.gov/oit/>

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/cc/default.htm>

U.S. Agency for International Development: <http://www.usaid.gov>

European Bank for Reconstruction and Development: <http://www.ebrd.com>

Black Sea Trade and Development Bank: <http://www.bstdb.com>

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Business Customs

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Given the fact that "business" in a Western sense is something new to the current generation of Moldovans, it is difficult to generalize about proper protocol and customs for doing business in Moldova. Though a new Western-oriented generation is beginning to emerge, the legacy of centralized authoritarian bureaucracy, red tape, and an unwillingness to take initiative persists. Signatures, proper letterhead, stamps of authenticity, and forms (in triplicate) are considered an important part of "getting the job done" in Moldova - a process which can exercise the patience of even the most experienced international businessperson.

Western businessmen should keep in mind that Moldovan business culture features widespread corruption and a constellation of well-connected local businessmen. For this reason, Moldovan business partners often believe the key to the success of an enterprise is not the soundness of the business plan, but access to influential individuals in government or business.

The form of business in Moldova often takes precedence over substance, making a U.S. partner's approach all the more important. Given the absence of a strong, transparent legal infrastructure, in the end, the success of your deal may depend on the trust you have painstakingly built over many months or years.

A strong emphasis should be placed on cementing personal relationships before doing any business. Face-to-face meetings are the norm, with little business conducted over the telephone. Always be ready with a firm handshake to open and close a meeting. Moldovans are famous for their hospitality and usually offer food and beverages at business meetings. To host a meeting without offering at least tea and coffee appears rude. It is considered an offense if a guest refuses food or beverage the first time it is offered. Long evenings and several-course meals, wine and cognac or vodka (moderation is advised) can be important in building trust with your Moldovan partner. Wishing good health, happiness, and success on your partner's immediate family will be certain to bring a smile and a hearty "thank you." Remembering your Moldovan

partner's birthday, child's birthday, and keeping Moldovan holidays in mind will also be gestures not soon forgotten.

Travel Advisory

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Please review the Consular Information Sheet available on the U.S. Department of State's Bureau of Consular affairs web site:

http://travel.state.gov/travel/cis_pa_tw/cis/cis_972.html

Visa Requirements

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As of January 1, 2007, U.S. citizens are exempt from Moldovan visa requirements. They are able to stay in Moldova for up to 90 days within a six-month period without registration. Residence and work permits are still required for stays over 90 days. Current Moldovan government border registration procedures remained unchanged under the new law. Immigration, residence, and work permits usually need to be extended annually, but may be issued for up to five years.

According to the Diplomatic Note number DC-05/464/5103 of the Ministry of External Affairs and European Integration of the Republic of Moldova dated March 24, 2008, foreign citizens who apply for temporary or permanent residence in Moldova will no longer be required to present police certificates from their countries of origin.

Moldovan law requires everyone to carry identity documentation. Moldovan police have the right to request identity documents from any person. Individuals who fail to produce appropriate ID upon request may be subject to detention and fines. Therefore, Americans are advised to carry their U.S. passports (or a copy of their passport's biographic information page) with their registration card, if applicable, or a Moldovan-issued identification document when in public.

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security options are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website: <http://travel.state.gov/visa/index.html>

United States Visas.gov: <http://www.unitedstatesvisas.gov/>

For more details please visit the U.S. Embassy's web site:

<http://moldova.usembassy.gov/service.html>

U.S. Embassy in Moldova Consular Section: <http://moldova.usembassy.gov/service.html>

Embassy of Moldova in Washington, DC: <http://embassyrm.org/>

Telecommunications

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Local wired-telephone service is dependable. There are several cell phone operators that offer extensive coverage of the country and also offer roaming services in a large number of countries, the United States included. Cell phone usage is widespread in Moldovan business circles. If you have a GSM unlocked telephone, you can easily buy a local SIM card to establish cell phone service during your visit. International telephone connections via fixed or mobile telephony are generally good. Internet service is widely available in hotels, Internet cafes, and residences in cities.

Transportation

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By Air: Chisinau International Airport is the only international airport in Moldova. It is located south of the city. It currently handles a volume of about eight million passengers annually. Flying to Moldova from the United States is possible via Amsterdam (Holland), Frankfurt (Germany), Budapest (Hungary), and Vienna (Austria), Istanbul (Turkey), and Rome (Italy). These cities have direct flights to Chisinau, Moldova.

By Land: The total length of the Moldovan state border is 1907 km. Moldova borders Romania for 685 km and Ukraine for 1,222 km. Moldova has six customs offices on the border with Romania (Giurgiulesti, Cahul, Leuseni, Ungheni, Sculeni and Costesti which is the international transit point designated for automobiles). Customs offices and cross border points on the Moldovan-Ukrainian border are Giurgiulesti (transit) Basarabeasca, Bender, Briceni, Soroca, Ocnita.

Additional information on travel to Moldova is available on the State Department's web page at <http://www.travel.state.gov>.

Language

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By the country's constitution, the official language is called Moldovan, which in its standard form is identical to Romanian, with the exception of a few usage norms. The proper naming of the official language spoken in Moldova is sometimes a matter of debate, even among ethnic Moldovans, as some insist upon calling the language Moldovan, while others acknowledge that it is Romanian. During the Soviet period the Moldovan language was written in Cyrillic and hence was clearly distinguishable from Romanian, but with the reversion to Latin script following independence, the distinction between the two disappeared. One may hear that Moldovan is roughly as similar to Romanian as American English is to British English, though the difference is that Americans acknowledge their language as being English, without insisting that it be called American. Many websites including the Government of Moldova's site offer a choice among the Romanian, Russian and English languages. Some people contend that besides the typical regional accent, the main difference between Moldovan and Romanian is that Moldovans use more Russian terms. In formal documents or settings, however, the preference is given to standard Romanian. Sometimes the debate is resolved by bypassing the name, and calling the language "the state language" or simply "our language." Most inhabitants of Chisinau speak both Russian and Moldovan.

In Chisinau quite often the shopkeepers and business people use the Russian language among themselves and with foreigners. At outdoor (agricultural) markets one will hear more Moldovan. In most of the villages, Moldovan is the primary language; however, there are villages where Russian is more popular. Many young people speak some English.

Health

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Medical care in Moldova is substandard throughout the country, including Chisinau. The quality of local clinics and hospitals in Chisinau varies considerably. Although none is up to Western standards, some do have equipment manufactured in Western countries and some staff members have had some Western medical training. A private hospital is under construction and will offer care comparable with western facilities in late 2010. There are no doctors who have completed medical school or residencies in the United States, although a handful of doctors have attended training seminars there. In the event of serious medical conditions every effort should be made to go to Western Europe, though the local system may be adequate for dealing with more routine health issues. In the event of emergency, travelers should attempt first to contact the local ambulance service, which is trained to determine which medical facility is most appropriate for treatment and will transport the injured or sick person to that location. Hospital accommodations are inadequate throughout the country and advanced technology is lacking. Shortages of routine medications and supplies may be encountered. Elderly travelers and those with existing health problems may be at particular risk due to inadequate medical facilities. Visitors to Moldova are advised to bring their own supply of both prescription and common over-the-counter medications. Bring prescriptions with you and avoid drinking tap water (bottled water is readily available in major hotels and supermarkets). It is wise to make sure that all foods and utensils are thoroughly cleaned. Prior to travel, make sure proper immunizations are up-to-date. Most pharmacies now carry imported and local medicine, although few medications are labeled in English. There are pharmacies in all regions of Chisinau, identifiable by "Farmacia" signs, some are open 24-hours.

Medical Information: Tuberculosis is a serious health concern in Moldova. For further information, please consult the CDC's Travel Notice on TB at <http://wwwnc.cdc.gov/travel/destinations/moldova.aspx>

Other major health concerns include Hepatitis A (food-borne), Hepatitis B, and Hepatitis C (blood- and body fluids-borne). The incidence of sexually transmitted diseases is "high" as it is in most developing countries.

Local Time, Business Hours, and Holidays

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Moldovan time is GMT+2 (Greenwich Mean Time) and EST+7 (Eastern Standard Time). The country observes daylight savings times from the last Sunday in March through the last Sunday in October.

Work week: 40 hours per week
Normal business hours: 9 a.m. – 6 p.m.

There are 11 national holidays in Moldova. New Year's day (January 1), Orthodox Christmas (January 7 and 8), International Women's Day (March 8), two days of Easter and Easter Monday determined by the Orthodox Church's calendar, Memorial Day (the first Monday a week after Easter), Labor Day (May 1), Victory Day (May 9), National Day (August 27) and Our Language Day (August 31) are celebrated in Moldova. Most businesses and all state institutions are closed on these days. The basic infrastructure institutions like airports and markets usually stay open.

Temporary Entry of Materials and Personal Belongings

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Articles exempted from duty include personal effects and medicine required, in rational amounts, for the duration of the trip, personal jewelry, personal laptops, books, publications and recordings of all types and other similar items for personal use.

Web Resources

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U.S. Department of State
http://travel.state.gov/travel/warnings_consular.html
United States Visas.gov
<http://www.unitedstatesvisas.gov>
U.S. Embassy in Moldova
<http://moldova.usembassy.gov/>
Moldovan Embassy in Washington, DC
<http://embassyrm.org/>

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Chapter 9: Contacts, Market Research, and Trade Events

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Contacts

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The Moldovan government maintains a list of contact information and websites for its various ministries and agencies at <http://www.gov.md>. The website has limited information available in English. A selection of relevant websites follows.

Governmental Ministries and Agencies

Ministry of Foreign Affairs and European Integration www.mfa.gov.md
Ministry of Economy www.mec.gov.md
Ministry of Finance www.mf.gov.md
Ministry of Agriculture and Food Industry www.maia.gov.md
Ministry of Constructions and Regional Development www.mcdr.gov.md
Ministry of Informational Technology and Communications www.mtic.gov.md
Ministry of Justice www.justice.gov.md
Ministry of Culture www.mc.gov.md
Ministry of Ecology and Natural Resources www.mediu.gov.md
Moldovan National Bank www.bnm.md
Moldovan Investment and Export Promotion Organization (MIEPO) www.miepo.md
Moldovan State Tax Service www.fisc.md
Moldovan Customs Service www.customs.gov.md
Moldovan Statistics Bureau www.statistica.md
State Civil Aviation Administration www.caa.md
Moldovan Licensing Chamber www.licentiere.gov.md
State Registration Chamber www.cis.gov.md
Agency for Public Property www.app.gov.md
Agroindustrial Agency Moldova-Vin www.aamv.gov.md
Agency for Material Reserves www.tender.gov.md
National Commission for Financial Markets www.cnpf.md
Moldova Stock Exchange www.moldse.md

Regulatory Agencies

National Regulatory Agency for Energy www.anre.md
National Regulatory Agency for Electronic Communication and Information Technology www.anrceti.md
National Agency for Protection of Competition www.anpc.md

Trade Associations and Chambers of Commerce

Moldovan Chamber of Commerce and Industry www.chamber.md
American Chamber of Commerce in Moldova www.amcham.md
Foreign Investors Association www.fia.md
Moldovan Customs Brokers Association www.vama.md
Moldovan Association of Professional Accountants and Auditors www.acap.md
Moldovan Banks Association www.abm.md

International Financial Institutions

International Monetary Fund Office in Moldova www.imf.md
World Bank Country Office in Moldova www.worldbank.org.md
European Bank for Reconstruction and Development www.ebrd.com/moldova
European Investment Bank www.eib.org
Black Sea Trade and Development Bank www.bstadb.org

U.S. Embassy in Moldova runs a page dedicated to business related issues on its website moldova.usembassy.gov/commercial_affairs.html.

For more information please contact the U.S. Embassy in Moldova:
Embassy of the United States of America
Strada Mateevici 103, Chisinau MD-2009, Moldova
Tel: (+373 22) 408 300 (Reception)
Fax: (+373 22) 233 044
moldova.usembassy.gov

Market Research

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To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/marketresearch.html> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, but free of charge.

Trade Events

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Please click on the link below for information on upcoming trade events.
<http://www.export.gov/tradeevents.html>

For information on trade events in Moldova, click on the links below.
<http://www.eventseye.com/fairs/trade-shows-by-location.html>
www.biztradeshows.com/moldova
en.moldexpo.md/exhibitions
www.poliproject.md/mod/expo/

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Chapter 10: Guide to Our Services

The U.S. Commercial Service offers customized solutions to help your business enter and succeed in markets worldwide. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers

For more information on the services the U.S. Commercial Service offers U.S. businesses, please click on the link below.

www.export.gov

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U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** or the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRADE**, or go to the following website: <http://www.export.gov>

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.