

IIIrd Edition
2010

Business Review

A publication of the American Chamber of Commerce in Moldova

fighting for your business

Focus on Infrastructure



Interview with
Valentina Badrajan,
Millennium Challenge Account Moldova

Member Spotlight:
Silvia Radu, Red Union Fenosa

Modernisation of local public
services in the Republic of Moldova

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WELCOME TO AMCHAM NEWEST MEMBER

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Tax & Legal Committee Activity for the last quarter

Within this period the Committee held a regular meeting and several extraordinary meetings outside AmCham premises.

Due to Committee dynamic activity, several new members became its members, particularly representatives of BCR Chisinau, Moldova Agroindbank, Schoenherr Attorneys at Law, Primecapital. Several other companies have already expressed their particular interest in the Committee's activity.

Please find below a short summary of the activities performed:

I OPINIONS ON VARIOUS DRAFTS OF NORMATIVE ACTS

Given its main objectives, several Committee activities were focused on giving recommendations related to Ministry of Finance, Main Tax Inspectorate and other public authorities pertaining to various drafts of normative acts. Thus, the Committee managed to offer complex recommendations in relation to:

- Draft Government Decision amending Government Decision nr. 9 "On approval of standard forms that certify residency and income tax paid by nonresidents in Moldova"
- Draft Law on social security budget for 2011
- Draft Law on health security budget for 2011
- Draft Law amending Tax Code in part of VAT refund aspects (extending VAT refund mechanism to Chisinau and Balti, in case of capital investments in cities).
- Other normative acts

II ANALYSIS OF THE PERMISSIVE ACTS ISSUED BY THE MINISTRY OF FINANCE, MAIN TAX INSPECTORATE AND MAIN CUSTOMS AUTHORITY, UNDER THE GUILLOTINE 2+ PROJECT

Together with USAID / BIZTAR expert, Tax & Legal Committee analyzed entire list of permissive acts issued by the Ministry of Finance, Main Tax Inspectorate and Main Customs Authority. The meeting was focused on practice of issuance of permissive acts, various issues appearing in this respect, as well as on potential positive amendments to be brought in the law.

The meeting turned out to be very active, with almost 20 participants involved in discussions. In this way the expertise of Committee members brought significant added value to Ghilotine 2+ project.

III DEDUCTION OF INTEREST PAYMENTS AS PER THE TAX LAW

On August 6 the Committee had a meeting with Mr. Victor Barbaneagra, Deputy Minister of Finance and Mr. Marin Molosag, First Deputy Governor of National Bank of Moldova. The discussion was focused on interest deduction for 2010 year (and future years), especially for credits / loans obtained from abroad. The discussion became actual once the Ministry of Finance proposed in the Fiscal Policy for 2011 to introduce interest deductibility limitation for financial institutions and microfinance organizations from abroad.

According to the provisions in force, given that the rate of National Bank of Moldova in November 2009 was set at 5%, interest deductibility limit for 2010 is of only 5% (except for loans from financial institutions and microfinance organizations), which is a considerable problem, as the effective interest rates on loans from abroad may be much higher. This problem could be specifically felt after introduction of 10% income tax rate from 2012.

In its recommendations on Fiscal Policy for 2011, AmCham has mentioned the importance of the interest deductibility subject for entire business society. As a reply, Ministry of Finance invited AmCham for a meeting in order to establish a new approach on interest deductibility for tax purposes. Following long discussions on possible alternatives, Ministry of Finance agreed to elaborate a new method of interest deductibility calculation.

IV ANALYZING THE QUESTIONNAIRES ON BINDING TAX RULINGS (BTR)

The Committee managed to prepare a detailed summary of BTR practice in 22 European countries, based on the questionnaires that were previously submitted by consulting companies (PwC, KPMG, E&Y) to their corresponding offices in other European countries.

Subsequently, the summary is going to be analyzed together with representatives of the Ministry of Finance in order to examine the feasibility of BTR implementation in Moldova.

PUBLICATIONS AND UPDATES

The Committee provides AmCham members with updates on its activities, regularly contributing to AmCham Weekly Bulletins and the website.

If you would like to be part of the Committee or require any information related to its activity, please contact Serghei Toncu, Project Manager, at 211 781 or sergheitoncu@amcham.md

HR Committee Activity

We have continued the series of meetings, that turned out to be very interactive. Thus, AmCham HR Committee is glad to welcome new AmCham members who recently joined the Committee: *PricewaterhouseCoopers & JT International Luxembourg S.A. Representative Office in Moldova*.

During last quarter different topics were on the agenda, such as: **Presentation of Current Account of the insured person “ACCESS CPAS”**, presented by Eugenia Stancu, Private Sector Development Specialist, USAID|BIZTAR. The new system is already used by several companies.

We had also the Presentation of a new project **“Business Arena - Campionatul Studentesc de Management”**, presented by Pavel Moraru and Eugeniu Gîrlă. It’s a good opportunity for students to develop their skills . They will have the chance to act in a group, coordinating different activities and business processes within a company, using a virtual platform – business simulators. The project is aimed to facilitate the dialogue between students, companies, ministries, NGO-s, offering to the students the possibility to gain experience, to implement theory in practice, to accumulate practical knowledge.

The same time, Moldcell kindly presented the best corporate practices of the running **Employee Satisfaction/Engagement** within the company. HR Committee members shared their experience, making the meeting very interesting and informative.

We would like to thank all Committee members for their active participation and commitment. We are highly encouraging AmCham Members interested in HR issues to join the Committee meeting.

For more details, please contact Elena Buzu, Project Manager at elenabuzu@amcham.md.

New Committee Members



Tatiana Stavinschi
Senior Consultant
PricewaterhouseCoopers Advisory



Ala Vainrub
Tax Consultant
PricewaterhouseCoopers Advisory



Mihaela Gumeniuc-Babii
HR Specialist
Representative Office in Moldova
“JT International Luxembourg” SA

American Chamber of Commerce in Moldova supports Moldovan flood victims

AmCham Moldova as part of the local community considers a duty to get involved and support the helpless. Thus, the first stage of the social campaign to support flood victims, which AmCham Moldova launched on 15 July, was completed successfully.

AmCham Moldova in cooperation with **DHL Moldova** visited flood victims from Cotul Morii village, who are situated in Hincesti at the moment. The campaign of goods collecting to help people affected by flood, raised awareness among AmCham members. Among the companies who joined this initiative by donating commodities such as food, personal hygiene items, clothes and shoes for people affected by flood have been:

Horizon Capital Advisors, Mary Kay, Moldcell, Banca Comerciala Romana Chisinau, Chamber of Commerce and Industry of the Republic of Moldova, Moldova Agroindbank, PricewaterhouseCoopers, Prime Capital, RED Union Fenosa, S & T Mold, Sun Communications and Turcan & Turcan Law Firm.

We also started a longer-term fund-raising effort to providing further relief and assistance.

Thank you to all members for their contribution!



AmCham Study

“Constraints in investment activity”

During the period April – May 2010 AmCham accomplished a specific analysis of constraints in investment activity, based on a sample questionnaire from the Ministry of Economy of Moldova. Only AmCham members were involved in providing data for this particular study, whereas in the meantime similar studies were performed by the Ministry of Economy involving different private companies.

The purpose of this study was to fairly examine particularities of Moldovan investment climate and the way AmCham members appraise it.

Potential implications of this study could lead AmCham to properly investigate areas with poor outcomes and acknowledge areas that could be considered favorable strong factors of Moldovan investment climate. This study may be of use in dialogue with Moldovan authorities aimed to improve general and particular elements of investment activity, but also could be used by potential investors in Moldovan Economy.

The study offers for review, inter alia, the following topics:

- General conditions characterizing investment activity
- Relation between public authorities and investors
- Infrastructure development and access to resources under favorable conditions
- Tax regime, customs regime, labor force
- The innovational potential
- Overall attractiveness of Moldova for foreign investors
- Measures that must be undertaken to improve investment climate in Moldova
- Other particular subjects

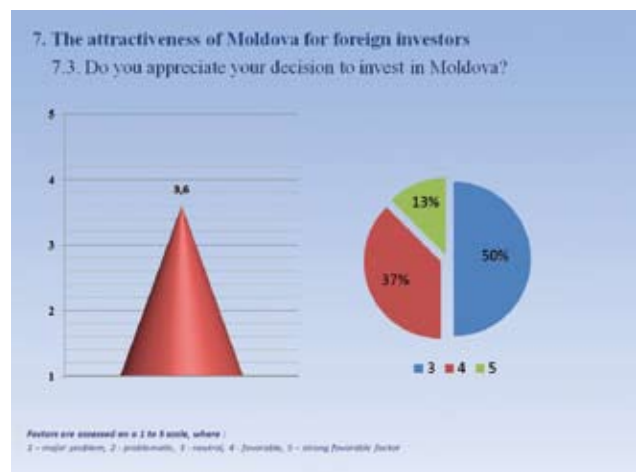
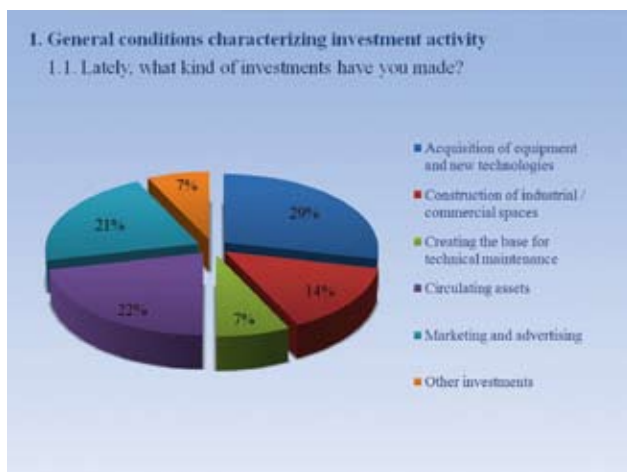
The respondents mentioned that the most favorable factors that influence inflow of investments in Moldova are:

- Overall assessment of the attractiveness of legislation on investments
- Availability of free trade regime within CIS countries and autonomous trade preferences with EU countries
- The level of labour remuneration
- Presence of business partner in Moldova

At the same time the respondents mentioned that the most difficult factors are:

- Political and economic stability
- The degree of current infrastructure
- Access to financial resources
- Quality of the state services rendered to investors and participation of regional and local authorities in support of business

Altogether, the respondents appreciate their decision to invest in Moldova on a scale of 3,6 out of 5.



Member Discount Program: New offers

Member Discount Program allows AmCham members to take advantage of some special products and services offers. AmCham is glad to inform you about the latest offers:



Perfect Tour is offering to AmCham members 3% discount for travel packages and preferential rates for corporate clients.

Perfect Tour is one of the top travel companies in Romania, that has extended on Moldovan market as well. Their expertise area includes complex services dedicated to corporate and leisure segments: Air and Train tickets, incoming and outgoing services, transfers, rent-a-car, meetings, incentives, congresses and events, visas assistance, insurances, access to Business Lounges in international airports. The travel consultants can assist you in choosing the perfect destination for your holiday or for your business event.



Evenda is expert in business trainings and seminars. Evenda team attracts best professionals to deliver best learning programs for you and your company.

Evenda offers to AmCham members 15% discount on all learning programs (trainings, seminar, open seminars, event of the year) & special gifts for AmCham network (books, training invitations etc).

Odysseus Ltd. is offering 10% discount on **FedEx & Dafnis Express Services**; it's Local, National and International Courier.



FedEx International Priority – is a highly reliable, express, time-definite, customs-cleared, door-to-door service for your worldwide packages up to 68 kg per unit.

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- Weight of the packages until 50 kg
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- Flexible discount system

Currently covered locations:

- Chisinau municipality
- Chisinau suburbs: Dumbrava, Cricova, Ciorescu, Stauceni, Bubuieci, Codru, Ialoveni, Durllesti, Vatra, Ghidighici.
- Balti municipality Balti suburbs: Elizaveta, Sadovoe

For more information about Member Discount Program and new offers, please visit www.amcham.md



Interview with Mrs. Silvia RADU, President, Red Union Fenosa

1. Energy sector has an important role on the economic growth, what are the potential opportunities and perspectives for the development of energy sector in the Republic of Moldova?

The energy sector of Moldova has no domestic reserves of coal or natural gas and low hydropower potential. This has led to a very high dependence on energy imports (97 per cent); electricity generation is based nearly entirely on gas and the only large power plant is located in the Transnistrian region. Despite the high energy dependence on energy imports and the low supply of primary energy per capita the Republic of Moldova has comparatively high energy intensity. Regarding renewable energy sources, the share of hydropower in the electricity generation is low (2 per cent); on the other hand, there is a significant use of biomass for heat generation and the potential for increased use of biomass and biogas is considerable.

In recent years, several policy reforms in the energy sector have been undertaken, particularly unbundling and privatization of the electricity market, which has led to the opening of the country to foreign investors, to a significant decrease of energy losses and to the introduction of cost-covering energy tariffs. Furthermore, the Energy Strategy of the Republic of Moldova until 2020 foresees the ambitious target of increasing the share of renewable energy sources in the country's energy balance to 20 per cent in 2020. The Republic of Moldova is one of the few countries that has introduced feed-in tariff for bio fuels. It is actively participating in the Kyoto Protocol mechanisms, with several Clean Development Mechanism projects under development.

In particular electricity sector at the moment has difficult trading partners, an insufficient generation capacity with an expensive local generation and increasing import prices that supposes difficult conditions for a deregulated market. All this negative circumstances can open potential opportunities and perspectives for the future development of the sector. Is to be analysed what are the best strategic options for the existing bottlenecks in order to insure a positive evolution of the sector. I would address three possible options:

- West integration
- East integration
- East-west trading territory

All three options have "pro"-s and "contra"-s. There should be done a separate economical-feasibility study in order to establish what would be the best solution to follow up.

2. What challenges energy sector is facing in Moldova & what shall be improved?

There are a number of challenges in the energy sector of Moldova. I would mention the increase of Energy efficiency; implementation of Renewable energy projects; Rehabilitation of existing infrastructure and Modernization of the sector.

The main barrier for investments in energy efficiency and renewable energy projects is capital constraints. There are no national or municipal funds for development of energy efficiency projects, and high interest rates on bank loans hinder the formation of a market for private companies involved in development of energy projects. From the institutional and administrative point of view, one of the barriers to the energy efficiency investments is the fact that so far development and implementation of all energy efficiency and renewable energy projects have been done by state institutions.

If we have a look to the existing electricity, gas and heat infrastructures they were mainly built in the soviet period and are almost depreciated, having an average age of about 30 to 40 years where the maintenance was poor. The over patching of this situation requires an important capital investment in time, orientated to the modernization of the existing systems combined with the implementation of modern and efficient management.

3. In your opinion, how important is infrastructure for a foreign investor planning to invest in Moldova?

A well developed infrastructure is compulsory for the economic growth of any country. The infrastructure refers first of all to energy, transport, and telecommunication sectors. An economy without a fluid translocation of goods, without a corresponding energy load and reliable energy supply access, with no telecommunication connections to the potential markets, cannot develop in a competitive way. A potential foreign investor before making a decision to invest analyzes all these circumstances in conjunction with other meters of the business. In Moldova the region of Chisinau is standing out from the rest of the country and concentrates the major investment flows, and at the same time is fair to record that lately the regions started to raise their infrastructures aside with the economic development.

4. What are the measures to be undertaken in order to improve investment climate in the Republic of Moldova?

The investment climate can be improved if some barriers would be eliminated. I would classify them in three major groups:

- Legal, institutional and administrative
- Economic and financial
- Lack of awareness and professional capacities



Legal, institutional and administrative barriers can be manifold and very difficult to address because of the different administration and policymaking levels involved. It is important to avoid a complex structure of legal framework and insure the proper accuracy of the activity of the Court. The political instability causes a discontinuity and frequent and uncoordinated updates and revisions of the current legal framework. The secondary legislation

and operational instructions, tools and international standards and procedures are needed in all economy branches. The cooperation between different ministries and agencies as well as between authorities at the national and at the local level will facilitate the activity of any investor in the country.

Many economic barriers that hinder financing and implementation of attractive projects come from inefficiencies in the structure of the market size and high interest rates applied by local banks to medium- and long-term loans and restrictive requirements for collaterals etc.

If the country will succeed in attracting massively the foreign investments there would be an important income not only of capital but as well of "know-how" and human resources that will give opportunities for young professionals to have an interesting career development inside the country. The emigration will stop and a competitive human resources market will stand up in Moldova and the foreign investors will feel much more comfortable working here.

5. What are the biggest aims you want to achieve in the next few years?

The main objective of our activity is the permanent improvement of services we give to our customers. This means for the next few years an important investment in the existing infrastructure. Our plans are to invest not less than 20 millions USD per year for the next 5 years, promote the energy efficiency program, and implement energy security and environment protection policies aside with our corporate social responsibility. We also have a certain targets of operative efficiency and profitability to fulfill in order to satisfy our shareholders requirements and I'm proud that our project team in Moldova demonstrated one of the best performances among the other international projects of our corporation Gas Natural Fenosa.

Interview with Mrs. Valentina BADRAJAN, Executive Director, Millennium Challenge Account Moldova



1. The Compact is a real tool for the Republic of Moldova that will foster long-term economic growth. Now when the Program entered into force, what does it mean for Moldova?

Indeed, the Compact entered into force on September 1 this year, and this fact represented an important milestone in the Compact implementation process. What does it mean for Moldova? First of all that means that Moldova can start spending money from the USD 262 mln grant provided by the Government of the United States through Millennium Challenge Corporation (MCC) to contract selected implementing companies, construction and business services' providers. And secondly, which is probably more important, Moldovan economy will start feeling very soon the benefits of huge investments in large infrastructure projects as well as in considerable assistance to the Moldovan agriculture and agricultural private businesses that finally will turn into a better life for the entire population of the country.

2. What are the main components of the Program?

I have to mention that initially the Government of Moldova has proposed to MCC four projects: roads rehabilitation, transition to high value agriculture, improving the efficiency of the energy sector, and rehabilitation of the rural health care centers. After an initial scanning, it was decided to move forward with two more promising projects: transition to high value agriculture and rehabilitation of the roads infrastructure.

The first project (Transition to high value agriculture) includes four activities with a total budget of USD 102 mln. The first and the biggest activity is the rehabilitation of 11 centralized irrigation systems with the total area of about 15,000 hectares; the second one is the reforming of the irrigation sector which includes improving the water management, legal and institutional framework to attract private investments and/or investments from other donors to the irrigation sector, the activity also foresees technical assistance for water users organizations to develop their capacities to operate and maintain the rehabilitated centralized irrigation systems; the access to agricultural finance activity as the third one, includes a credit line of up to USD 12 mln for long term financing of postharvest infrastructure projects; and the fourth one is growing high value agriculture sales activity which is going to be implemented together with USAID and will offer support and

training for private farmers to implement new technologies and to access new markets for their products.

The second big project is rehabilitation of the roads infrastructure with a total budget of USD 133 mln. The most of these resources will be used to rehabilitate 93 km of M2 road between Sarateni and the intersection with R7 north to Soroca. In addition to that, a part of this money will be used to develop a feasibility study for the remaining Otaci portion of road, the detailed design, relocation plan, and the environmental and social impact assessment.

The remaining USD 27 mln will be used for monitoring and evaluation of the Compact implementation, for fiscal and procurement agents' services, auditing, communication, training and to cover other administrative costs.

3. In your opinion, how important is the development of Infrastructure for Moldova and investors that enter this market?

One important thing that is worth mentioning here is the fact that the Compact proposal was developed based on a thorough analysis of constraints to the economic growth of Moldova which identified the infrastructure, particularly roads and water supply, as one of the most binding constraints that hinders the private investments and consequently the country's economic growth. Actually, the analysis has highlighted the fact that good infrastructure (roads, water and energy supply, telecommunications) in general is a mean for a sustainable economical development and poverty reduction. Giving the fact that water supply services and road infrastructure in Moldova had been deteriorating heavily after 1990's, largely due to a lack of financing and maintenance, the link between good infrastructure and sustainable development was previously poorly understood. As a result, today the lack of infrastructure became a major obstacle for economic development. Now Moldova needs a tremendous amount of efforts and resources to ease somehow the constraints generated by its poor infrastructure, and by doing so the country could be significantly strengthened as a result of improved regional and European integration.

Why we need that? The key belief here is that the development of infrastructure is the basis for economic growth with all positive implications on poverty reduction. It is widely agreed that infrastructure forms a foundation on which economies, and Moldovan economy as well, are built. There are many examples, particularly in poor countries, which conclusively demonstrate how investments in infrastructure may lead to significant growth in a country's domestic product accompanied by increased employment and facilitated access to markets. The roads in the context of Moldova should receive a special treatment as the failure to improve the transportation infrastructure already results in poor access to neighboring countries and in missing opportunities for growth.

As a consequence we have low transit traffic, underdeveloped tourism and service industry and many other things which we would not prefer to have.

The Compact Program will address in a decisive manner the issue of poor roads and water supply in agriculture in Moldova and we believe that in a few years we will all benefit from a good transport infrastructure, reliable water supply in irrigation and generated by this many new business opportunities.

4. As it is known the Compact is completing economic reforms, how do you appreciate the activity of RM within the cooperation with the Institution you represent?

The Compact program was developed by Moldovan institutions with comprehensive guidelines received from MCC and I think that it is fair to say that the ownership on the Compact belongs to the Government of Moldova and the Government understands that it is its main responsibility to successfully implement the Compact Program. In this way, we can say also that the institution that I represent is a public institution and we work very closely and very successfully with other state institutions in Moldova.

In order to obtain financing from MCC the Government of Moldova had to fulfill and successfully fulfilled a whole range of conditions that were stipulated in the Compact agreement. Among others,

these conditions referred to changing and approving required legal framework in order to ensure the successful implementation of the Program and ratification of the Compact agreement by the Parliament of Moldova. Consequently, MCC agreed that Moldova has met all agreed conditions for the Compact to enter into force and I think that this is recognition of efforts made by all Moldovan state institutions involved in this process.

5. What will be your message to the business society?

I would like to stress attention to the fact that we should implement all agreed under the Compact projects in a five years period of time. Otherwise, as MCC do not admit any prolongation, there is a risk to lose non disbursed funds. That means that we have to work hard to succeed in implementation of a program of an unseen before in Moldova complexity and that is possible only with the contribution of the entire Moldovan society including the business community.

How the business society can contribute? The Compact will be implemented by companies (construction, consulting, business service providers and many others) which will be selected in a competitive and transparent manner. So, my message is: watch our site (www.mca.gov.md), look for bids, participate in bids, and let's work together to implement such an ambitious program. Maybe you will find the process rather complicated, but those who do not participate – do not win!

Thank you!

GTZ Project “Modernisation of local public services in the Republic of Moldova”

The Project “**Modernisation of local public services in the Republic of Moldova**” was launched at the beginning of 2010, based on the results of the bilateral negotiations on development cooperation between the Government of Moldova and the Government of Germany in 2009.

The German Ministry of Economic Cooperation and Development (BMZ) commissioned GTZ with the implementation of the project, which is scheduled for five years, divided in two phases.



GTZ (Deutsche Gesellschaft für Technische Zusammenarbeit) is a federally owned company under private law, founded in 1975, which operates in the field of international cooperation for sustainable development. The corporate objective of GTZ is to improve people's lives on a sustainable basis through the promotion of innovative solutions for complex reforms and change processes. The core competency of GTZ is capacity development as the ability of people, organisations and societies to shape development on a sustainable

basis. GTZ operates on a public-benefit basis, channeling all surpluses back into international cooperation projects. It operates in 128 countries in Africa, Asia, Latin America, the Mediterranean and Middle Eastern regions, as well as in Europe, Caucasus and Central Asia. GTZ has offices in 88 countries and employs app. 15,000 staff worldwide.

The overall objective of the Project “**Modernisation of local public services in the Republic of Moldova**” is to support the improvement of local public services in selected villages and towns in Moldova.

The projected Project budget is up to 3 Million Euro for the first phase. Additionally, the Project also succeeded to attract additional 500.000 Euros from the Romanian Government, as part of the international development assistance offered to Moldova, which will be used for implementing a pilot project on improving water supply and sewage systems.

Main Project partners are the Ministry of Construction and Regional Development, the Regional Development Agencies and Councils as well as villages, towns and rayon administrations.

Other partners are the Ministries of Environment and Economy, the National Agencies for Procurement and Cadastre, the Congress of Local Authorities of Moldova and the Chamber of Commerce and Industry.

The Project advisors are mainly integrated into three Regional Development Agencies to provide institutional support to these newly created regional structures in Moldova.

The selection of the investment projects to be financed by GTZ was based on the procedures and criteria in the frames of the National Call of Proposals to the National Fund for Regional Development in the summer 2010. This fund constitutes a national funding source for regional development priorities in Moldova and is provided through the State Budget as well as Donor contributions. As a result, the following pilot projects with a combined budget of 700.000 € were selected:

- Modernisation of water supply and sewage systems in Duruitoarea Veche village, Costesti commune, Riscani rayon and in Rosu village, Cahul rayon.
- Improvement of solid waste management in 6 villages and Soldanesti city from Soldanesti rayon and in village Lipceni, Rezina rayon
- Energy efficiency in Tatarauca Veche village, Soroca rayon and Orhei city, Orhei rayon.

Quality of life of citizens depends to a high degree on their access to public services. Availability and quality of infrastructure plays an important role for providing basic local services to the population. Communities that have and efficiently use existent infrastructure represent a better place to live, work and invest.

On the other hand, one of the main reasons for citizens to leave a certain community and companies to be reluctant to invest is often due the fact that appropriate infrastructure and services such as potable water supply, thermal energy or waste removal are lacking or inappropriate.

The Project “**Modernisation of local public services in the Republic of Moldova**” will contribute to the improvement of certain local public services in several selected communities by investing in infrastructure of the pilot projects, but this will be only one part of provided assistance. GTZ will focus on capacity development of people, institutions and networks related to the implementation of the selected projects, such as service providers, Regional Development Agencies, Ministry of Constructions and Regional Development, and others. Improving management aspects will contribute to efficient administration of the infrastructure assets, which will result in improved service delivery and higher customer satisfaction of the population of these communities.

Giurgiulesti International Free Port - Construction of General Cargo and Container Terminal

After the start of operation of the oil product terminal in September 2007 and the inauguration of a grain terminal in July 2009, Danube Logistics SRL, the owner and operator of Giurgiulesti International Free Port (GIFP), is to open its general cargo and container terminal by the end of Q1/ 2011.

The highly specialized construction works, which started in April 2010, are being effectuated by local companies with the support of the German company Bauer Spezialtiefbau and its two subsidiaries from Hungary and Romania. After the installation of a quay wall which will allow for the direct mooring of river barges and sea-river vessels of up to 5m draft (or up to 6000 MT), Bauer is currently improving the future storage area by means of a dense grid of vibro stone columns. The construction of utility networks, road and railway infrastructure as well as putting an asphalt layer on the open storage area will round off the highly demanding project involving state of the art construction machinery from Germany. Upon completion, a modern mobile harbor crane and other port handling equipment will assure the safe and efficient transshipment and storage of containers, bulk cargo as well as general cargo at GIFP. Starting from April 2011 a weekly feeder service by river barge between GIFP and the Port of Constanta is supposed to then allow companies from the Republic of Moldova and its neighboring countries to import/export containerized cargo from/to the Far East and elsewhere.

In addition to the general cargo and container terminal, Danube Logistics SRL recently decided to invest also in the construction of a RoRo ramp within the port. This ramp will enable trucks and other vehicles to drive on/off special vessels calling at destinations along the Danube or the Black Sea and thereby enable road transportation companies to decrease transportation costs, avoid costly delays on border clearance procedures as well as reduce carbon monoxide emissions.

In parallel to the rapid development of the port infrastructure, Danube Logistics continues to develop the infrastructure of the industrial zone of the port for the benefit of local and international investors. Against the background of its tri-modal infrastructure consisting of access to the river Danube and the sea, the Russian and the European railway gauge as well as the international road network, Giurgiulesti International Free Port already today can be considered as the most up-and-coming logistic hub and business park of the Republic of Moldova. Given its status of a Free Economic Zone until 2030, its unique location both at the Romanian and the Ukrainian border at a time, its enterprising and dynamic management, the industrial zone of GIFP is gaining ever greater popularity among local and international investors.

Alexander Di Leonardo
Business Development Executive
Danube Logistics SRL



The Challenge: Infrastructure in Community Context

Society depends on the quality of its infrastructure, though the functional necessity of waste-disposal services, water treatment centers, transportation systems and energy networks is indisputable, these facilities are often planned and placed to be out-of-sight and out-of-mind. Essential infrastructure is cast in the public imagination as disruptive, hazardous and unsightly. Frequently, the public considers visible infrastructure to be symbolic of government disregard for communal well-being.

The next generation of energy sources, water systems and waste facilities must be conceived of with the assumption that infrastructure represents an asset in each and everybody's community.

Infrastructure and Community amends the maxim that form follows function. It expands upon the function of infrastructure to encompass a broader range of environmental and social interactions that address the common goal of the larger community. Rightly imagined and effectively executed infrastructure projects can become public places of cultural understanding and symbols of the evolving relationships among natural landscapes, industrial expansion and engaged society.

A new generation of innovative projects throughout the world may begin to compete with past icons in terms of public good and progress. Infrastructure metrics are changing; energy efficiency, environmental impact, public safety, integrated design and community harmony have become nearly as important as access to basic services. These few examples demonstrate how forward thinking public agencies and private developers have successfully engaged communities to meet rising service demands in expanding urban centers and still create beautiful outcomes.

Can we create infrastructure for Communities?

Public infrastructure can serve as a catalyst for interactive systems that help build and revitalize communities. The "Regenerative Network" is a new model for infrastructure development. This model increases efficiency and adds functions to the facility that benefit the local community. In fact, the Regenerative Network increases economic benefits by incorporating external benefits. Some of these benefits can include habitat creation, educational centers and wastewater treatment.

How can infrastructure be sited to serve the community in an equitable way?

- Clearly identify the evaluation criteria for siting a new facility and make the site selection process public and transparent
- Answer community health concerns by ensuring the safest available operating systems
- Clearly identify the strategies to reduce environmental and public health impacts in business or residential communities
- Recognize "Environmental Justice" as a means for communities to equally share infrastructure facilities

How can infrastructure interconnect ecological systems and add health to the environment?

- Do a site analysis identifying and locating natural systems and habitats, water quality, soil types, wind conditions, view corridors, and sunlight
- Identify facility functions whose waste, products, or structure can be used to enhance the natural systems and habitats at the site, encourage new habitat, and generate healthy natural system beyond the site
- Consolidate facility functions to provide an open space buffer to adjacent communities which also functions as habitat creation

What are the opportunities for inviting the public to the facility?

- Promote an understanding of the crucial role infrastructure has in the support of the community by making it visible instead of disguising it
- Plan new infrastructure with public parks and walkways to encourage visitors
- Make sites visible to help citizens understand the interconnection between the services they depend on and their daily lives

What are the benefits of bringing the public to the facility?

- Impact people's perception of the facilities and aid in the siting of future facilities by conducting educational programs on-site directed towards school children
- Encourage transparency and public participation to ensure better management and compliance with regulations and best practices
- Raise awareness about conservation and environment through educational programs

How can infrastructure enhance the vitality of local communities?

- Integrate educational opportunities for all ages into the facilities
- Investigate and respond to needs for community services and public meeting spaces
- Provide both passive and active recreational facilities
- Identify small business opportunities related to the facilities, products, waste, energy and community programs

Nancy Rutledge Connery

INTELLIGENT INFRASTRUCTURE

Intelligent Infrastructure describes the design of smarter, more secure enterprise computing devices, networks, and storage using scalable architectures that work together, connecting individuals and businesses to an exponentially expanding array of dynamic content and services.

Modern enterprises create and process information at ever-expanding volume and accelerating rates. Today's infrastructure, built on old protocols, is strained by enterprise requirements to support bandwidth-hungry applications, mobility, security, and manageability. Infrastructure elements requiring innovation include:

- Computing architectures based on parallel computing, in which every processor chip has multiple CPU cores, requiring a new generation of software applications and firmware to exploit the new technology.
- Networks must scale to support datacenter growth. This drives demand for a robust, programmable wired and wireless network platform that makes the introduction of new features quick, easy and cost-effective.
- Storage must become capable of self-management and meet all the demands of the next generation enterprise computing infrastructure.

In addition, nanotechnology has the potential to revolutionize the way data is collected, stored and transmitted, with the potential to provide higher-density, lower-power, higher-bandwidth systems.

Turcan & Turcan Law Firm is formalizing strategic partnership with Tuca Zbârcea & Asociații Law Firm from Romania



Turcan & Turcan Law Firm signed a cooperation agreement with Tuca Zbârcea & Asociații – a major player in the Romanian legal services market.

Turcan & Turcan will cooperate with Tuca Zbârcea & Asociații law firm under a “best friends relationship”. The firms will be able to provide customized consultancy services to a significant segment of the business environment in the Republic of Moldova and Romania, benefiting both the investors with strong local presence and those interested in developing trade relations with the Republic of Moldova or Romania.

According to **Alexandru Turcan, Managing Partner of Turcan & Turcan**: *“Our alliance is a natural development, in line with the ascending trend in foreign investments via and from Romania to the Republic of Moldova. It also reflects the excellent professional and close friendship ties that we have developed not only between our firms, but also between the co-founding partners – all of them having been tested in various challenges for more than a decade now. For me and my colleagues, the success, performance and talent of Tuca Zbârcea & Asociații legal team are a role model and a source of professional inspiration. We have big hopes for this cooperation and we are convinced that the outcome will be recognized and appreciated really soon by the business community on both sides of the Prut River.”*

According to Tuca Zbârcea & Asociații’s representatives, the cooperation comes after more than five years in which the firm has evaluated and carefully analyzed the Moldovan market and the Moldovan available business opportunities: *“We believe that the Republic of Moldova has a high potential for development and investment in various areas ranging from banking and finance to infrastructure, energy and telecommunications. Further to our association with Turcan & Turcan, our potential clients will benefit from the highest standard of legal services, while also being kept fully informed on the most important legislative aspects governing the local investment climate. More so, we want to encourage and consolidate much stronger relationships between Romania and the Republic of Moldova”,* said **Gabriel Zbârcea, Managing Partner at Tuca Zbârcea & Asociații**.

The active presence of Turcan & Turcan in the economic arena of the CIS region, acting in various alliances with the leaders of the law market in most of the post-Soviet States, and the services provided by Tuca Zbârcea & Asociații are an opportunity to step into a new area of development and assist the Romanian businessmen that have an interest in expanding their businesses to Russia, Ukraine, Kazakhstan, Georgia and other economic areas that present a higher risk, but also a maximized business potential.

“The business market in the Republic of Moldova grows ever more mature. This trend is also revealed by the enhanced complexity in the transactions that took place over the past years. We are happy to begin a formal cooperation with Tuca Zbârcea & Asociații, and we are confident that our clients will enjoy the advantages of our cooperation on the projects they entrust us” added **Octavian Cazac, Partner of Turcan & Turcan**.

By the cooperation agreement concluded with Tuca Zbârcea & Asociații, Turcan & Turcan has the opportunity to assist a wider segment of potential investors on the Moldavian market, and is expanding its range of services, thus offering the same standard of quality services to its regular clients.

“We wanted to cooperate with a local legal team that has earned its reputation, which is known and appreciated in the CIS region, but nevertheless young, dynamic, innovative and willing to take on new challenges. We have found all those attributes in the excellent professional abilities that the team of lawyers led by our friend Alexandru Turcan proved to have. The reputation, the fact that they are the leaders of business law market in the Republic of Moldova, along with the many recognitions and distinctions earned both on an international and on a regional level can only confirm the excellent quality of the legal services they provide, and at the same time enhance our wish to cooperate with them on complex projects in the near future”, declared **Florentin Tuca, Managing Partner at Tuca Zbârcea & Asociații**.

Turcan & Turcan and Tuca Zbârcea & Asociații representatives made public their decision to actively support the business community from both countries by organizing a series of business events and facilitating different networking opportunities. The first event of this series will take place in the fall of 2010.

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HORIZON CAPITAL ADVISORS:

Western NIS Enterprise Fund Board of Directors Opened Glass Container Prim



Horizon Capital

New Manufacturing Facility

New flint glass bottle manufacturer Glass Container Prim officially launched its manufacturing facility on October 8, 2010. Members of the Western NIS Enterprise Fund (WNISEF) Board of Directors participated in the festive occasion marking the successful opening of the factory. Prime Minister of the Republic of Moldova Vladimir Filat, Deputy Chief of Mission of the US Embassy in Moldova Marcus Micheli, President of MAIB Natalia Vrabie, select foreign investors, as well as representatives of international financial institutions attended the ceremony.

The production capacity of the factory is 130 million conventional bottles per year. WNISEF has invested a total of \$20 million, working together with two local banks - MAIB and Banca Sociala. The total investment into this new facility is about \$40 million.

Dennis Johnson, Chair of WNISEF Board of Directors commented on the event: "It is our pleasure and privilege to officially open Glass Container Prim's manufacturing facility together with Moldovan authorities. The opening of this new facility is an outstanding testimony of our belief in the Moldovan market, the potential of Moldova's exports in the region, as well as the human capital in which we have invested at Glass Container Prim. We wish the company a successful and prosperous future."

"We are very proud to officially launch our new factory", stated Oleg Baban, Glass Container Prim's General Director. "It will utilize up-to-date production equipment and innovative solutions for design and production of high-quality bottles, and will strengthen our market leadership in the industry."

Western NIS Enterprise Fund (WNISEF) is a USD 150 million regional private equity fund, a pioneer in Ukraine and Moldova with more than a decade of successful experience investing in small and medium-sized companies. WNISEF was established by the U.S. Congress and funded by the U.S. government via U.S. Agency for International Development (USAID). Since inception, WNISEF's cumulative investment totals over \$165 million to 37 companies in Ukraine and Moldova. WNISEF is managed by Horizon Capital Associates, LLC.

BCR CHISINAU

REDUCES THE INTEREST RATES ON CREDITS FOR COMPANIES' EMPLOYEES



Banca Comerciala Romana Chisinau S.A. has reduced the interest rates on consumer credits destined to the employees of companies that are served by BCR Chisinau.

The special offer of the bank provides a reduction of 5 percentage points to the interest rates on consumer credits, and 4 percentage points on other loans. The new credit proposal is valid until December 31, 2010, and covers the whole range of credits offered to the employees of the companies that are served by BCR Chisinau.

"Our main advantage is that we always respond to our customers financial needs. In this context, we offer easy access to credit resources for a large number of employees representing client companies of BCR Chisinau. Thus, within long-term partnerships, the employers will be able to motivate and make the working people remain loyal to them," said Natalia Selevestru, Head of Business Development and Retail Products Department.

The interest rate for real estate credits was reduced to 13%, and for home repairs the customers will receive credits at a 15% rate. For purchasing of goods, BCR Chisinau offers a promotional interest rate of 16%, and for auto credits the companies' employees will benefit a rate of 15% only.

Significant interest rates reductions have been made in the case of consumer loans - 16% in case there are warranties, and 18% for credits without collateral. For overdraft on salary card, the interest rate offered by BCR Chisinau is 19%, this type of credit can be accessed without the beneficiary's presence at the bank.

For additional information, please contact BCR Chisinau S.A.:

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Elderly population in the Republic of Moldova in 2009

At the beginning of the year 2010 in the Republic of Moldova lived 500,4 thousand persons of 60 years old and over, of which women represent more than a half (60,6%). Two thirds of the entire aged population lives in rural area. Every fourth person is between 60-64 years old and 14,0% are persons which are more than 80 years old.



Remuneration of employees in the Republic of Moldova in January-August 2010

In January-August 2010 the average salary of one employee in national economy constituted 2897,1 Lei and it increased compared to January-August 2009 with 7,4%. The real salary in the same period of time increased with 102,4%. In the budgetary sector the average salary was 2532,0 Lei, and increased compared to January-August 2009 with 8,3%, in the real sector of economy - 3107,2 Lei and increased compared to corresponding period of 2009 with 7,1%.

increased compared to January-August 2009 with 8,3%, in the real sector of economy - 3107,2 Lei and increased compared to corresponding period of 2009 with 7,1%.

Freight and passenger transportation in the Republic of Moldova in January-August 2010

In August 2010 enterprises of railway, road, river and air transport, have transported 779,1 thou. tones of goods with 6,8% more than in the previous month and with 15,0% more than in August 2009. The turnover of goods in August 2010 summed up 264,0 mil. tones-km, with 6,3% more than in the previous month and with 8,9% more than in August 2009.

Industrial activity of the Republic of Moldova in January-August 2010

In January-August 2010 industrial enterprises of all types of ownership, produced goods to the amount of 16186,5 mil. lei, in current prices. The volume index of industrial production in comparison with January-August 2009 constituted 105,2%, in comparable prices. In August 2010 in comparison with August 2009 this index constituted 102,3%.



Retail trade and services provided to population in January-August 2010

In August 2010 retail trade through commercial units summed up 2303,8 million MDL, which is, in real terms, with 6,2% more than in the previous month and with 9,7% more compared to August 2009. The volume of paid services rendered to the population by officially registered enterprises in August 2010 made up 1204,4 million MDL, which is with 9,9% (in comparable prices) more than in the previous month and with 1,4% less compared to August 2009.

Source:NBS

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AmCham Moldova is glad to inform you about a new electronic bulletin coming soon. POM Newsletter will appear twice a month and will keep subscribers up to date on Moldovan exporters, special offers, latest products & price change included on www.productsofmoldova.md.



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USA Independence Day Picnic 2010

The 234th anniversary of the USA Independence was celebrated in the Republic of Moldova by the American Chamber of Commerce in Moldova together with the U.S. Embassy Alumni Association of Moldova, with the support of the U.S. Embassy in the Republic of Moldova. The celebration of U.S. Independence Day was organized at the Golf Club Centre and welcomed the presence of over 600 guests, among them members of AmCham Moldova, members of U.S. Embassy Alumni Association of Moldova, U.S. Embassy in Moldova representatives, Peace Corp's volunteers, American expatriates, and many others.

The celebration event of USA Independence Day was opened by H. E. Mr. Asif J. Chaudhry, USA Ambassador to the Republic of Moldova. The picnic included American food, Moldovan wine and national music from both countries.

Already a tradition, the Charity Lottery was dedicated to most acute social needs of Moldova. This year, the AmCham Corporate Social Responsibility Committee decided to launch a new social project – “**Life without Leukemia**”. The money gathered after the lotto tickets' sales were donated to the Oncology Hospital.

Many thanks to all Independence Day 2010 Sponsors: Bostavan Winery, Efes Vitanta, Coca-Cola, Coffee House, Dionysos-Mereni Winery, McDonald's Restaurants, Orhei-Vit, Purcari Winery.



“Welcome Back” Networking Event

AmCham Moldova continues to bring together prominent business people providing the members with pleasant and effective networking opportunities, thus strengthening the business community in the country.

“WELCOME BACK” Networking Event took place on September 21st at Villa Tulip Hotel. It was a nice opportunity to share views and opinions on political and economic issues.

Evenda Company offered a VIP ticket for the seminar “How to attract people & success”, presented by the international trainer Allan Pease, to the winner of a lottery organized within the event. The lucky winner became Andrian Guzun, Lawyer with Schonherr Attorneys at Law. Our congratulations to Andrian!

