

the spirit of enterprise

BUSINESS REVIEW



www.amcham.md

A publication of the American Chamber of Commerce in Moldova

april/may 2008





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Business Review April/May 2008

<h1 style="margin: 0;">BUSINESS REVIEW</h1>	<p>Design layout <i>Jerad Scott Tietz</i></p>
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Dear Members of AmCham and Readers,

The past two months have seen some good changes for AmCham Moldova.

Our membership base is up and our office is growing. We hired two new staff members in the past two months and their experience and motivation can take AmCham Moldova in the right direction.

Many of you know that my last day at AmCham is June 13, 2008. My wife and I will be returning to America at the end of June of this year to pursue career and personal opportunities.

Leaving AmCham and Moldova will be difficult as I have really enjoyed my time here. The time that I have spent at AmCham has given me valuable experience that I would not have received in America. I have met and worked with some extraordinary professionals and business leaders in Moldova.

If my time in Moldova has taught me anything it is to always press on. Life here is not always easy, not to mention doing business here. Yet with the right attitude people not only survive, but also prosper under these conditions.

In the four years since I've been here, much has changed in Moldova.

A simple example of this change is the sheer amount of cars on the road today. Four years ago there simply weren't as many cars, especially new European and American cars. I hope this is a sign of times to come: more prosperity for the people of Moldova.

Despite the progress that the country has made it still has a long road ahead of it. However, I know that AmCham will play an important role in the future development and improvement of the business and investment climates in Moldova and I'm proud of that.

During my time at AmCham the office has grown from one to three full time employees and from a start-up business association to a well respected and growing organization.

The organization that I am leaving behind is in a much

better position than when I came, and that is not a testament to my efforts, but to the on-going and ever present support from our members, Board of Directors, and General Sponsors. You have been with us from the beginning and we thank you.

I am confident that the staff in place today at AmCham will take the organization to the next level. They are very good at what they do and upon my eventual return to Moldova I hope to be amazed at the growth and development that I had been a part of long ago.

In closing I would like to thank all of you for taking me in and making me feel like I was needed at AmCham. I have never enjoyed a job as much as this one and I can only hope that the next step in my career can compare to the time I spent working with all of you in Moldova.

I wish you all the best of luck in 2008 and beyond.

Best regards,

Jerad Scott Tietz
Acting Executive Director
Director of Member
Communications

Two new members of the AmCham Team

Greetings to all! I am very excited to have the opportunity to address you in our bi-monthly publication Business Review. To start off, I would like to tell everyone a little about myself. I am the second of three children all born 3 years apart. I was born in Connecticut and lived there until I was 5 years old and then we moved to the Chicago suburbs, where I was raised.

You probably all want to know two things about me: what am I doing in Moldova and what will I do for AmCham Moldova. Well, the reason I came to Moldova is because my wife is Moldovan and I love her very much. We met in Chicago and were married shortly before coming to Moldova in August of 2006. I've been here for 1 year and 9 months and now speak the state language fluently and have managed to pick up a little bit of Russian, as well. I have

worked in the Moldovan Real Estate market with my wife and also as a translator for individual clients.

As for what I will do for AmCham Moldova, I'd like to refer to a couple of great businessmen for quotes. J.P. Morgan said "Money equals business which equals power, all of which come from character and trust."

All of us need money in order to support ourselves, our families, and loved ones. In order to make money, we get involved in business and try to gain the power to make that money that we need. I believe, as J.P. Morgan indicates in the above quote, that building trust and character is essential to successful business. Character and trust are things that are important to me and to AmCham.

Next, John D. Rockefeller said,

"I would rather hire a man with enthusiasm, than a man who knows everything." I believe that enthusiasm and desire to work can, at least in part, make up for our lack of experience and knowledge. I will strive to bring this enthusiasm to all that I do for AmCham. It is my desire that AmCham Moldova become larger and more influential in order to improve the business and investment climate for everyone.

Finally, Vorba multă, sărăcia omului --translation: "Too many words are the poverty of mankind." Therefore, I bid you farewell, until our next issue of Business Review.

-Trent Blakely
Executive Director



Dear readers,

An important role in Moldova's development is played by the local business community. That's why it is crucial that actions taken today deliver results that ensure long term sustainability. Now that I'm part of the AmCham family, my task is to contribute towards the development of stronger commercial links between the Republic of Moldova and the United States of America. Here at AmCham we are focusing on adapting & responding effectively to the business challenges, through promoting information awareness of state institutions & economic units abroad. This way we try to facilitate efficient dialogue between business circles. I'll be, definitively, involved in promoting the economic potential of Moldova in the USA & strengthening the economic position of

the country on the USA market. In this regard, it is very important to facilitate participation of businesses from Moldova in various economic events organized in the USA (exhibitions, forums, seminars, conferences), as well as the organization of economic missions to the USA. AmCham has already taken the initial steps towards organizing the economic mission in USA this autumn.

The same time being involved in different projects, committees launched by AmCham, I'm studying external market development trends (competitiveness & trade opportunities), best practices all over the world, and the possibility of implementing them in Moldova. Our committees work with many issues that directly or indirectly affect key operations of organizations, whatever their sector. For example, all AmCham members have

a direct stake in taxes, security, risk management, innovation, professional development, and a healthy, productive, and motivated workforce. Each type of committee enables members to identify and address common issues, and achieve common goals - all the more reason to get involved. That's why for me, as part of the AmCham team, it's very important to convince companies to be more involved in such activities.

The opportunity to work within AmCham Moldova looks like the beginning of a new chapter in my career. I have all the necessary tools to move ahead - and the opportunity to seek progress wherever possible will be exploited to its maximum.

-Elena Buzu
Project Coordinator



WELCOME TO AMCHAM

IN THE LAST TWO MONTHS AMCHAM HAS PAST A MILESTONE - WE NOW HAVE MORE THAN 50 MEMBERS.

WE ARE NOW ONE OF THE LARGEST PRIVATE BUSINESS ASSOCIATIONS IN MOLDOVA AND WE HOPE TO ADD MANY MORE MEMBERS IN THE COMING MONTHS.

THANK YOU TO ALL OF OUR MEMBERS AND WE LOOK FORWARD TO WORKING WITH OUR NEWEST MEMBERS IN 2008 AND BEYOND.



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Goodbye H.E. Ambassador Michael D. Kirby

Michael Kirby presented his credentials as Ambassador to the Republic of Moldova on September 21, 2006.

During his time as Ambassador to the Republic of Moldova, Mr. Kirby was one of AmCham's strongest and most well-respected supporters.

Ambassador Kirby's role as Honorary President of AmCham was not just a title for the mantle piece. The Ambassador actively worked with AmCham by attending and speaking at events and conferences, supporting AmCham's role in the business community, and even hosting all of AmCham's members at his residence for a luncheon.

The Ambassador will be moving on to a new position in Washington D.C. at the end of June that will see him in charge of visa applications to the U.S. and a more than 2 billion dollar annual

budget, needless to say a well deserved promotion.

Ambassador Kirby represented the United States of America to Moldova with dignity, integrity, wisdom, and pride. The American Chamber of Commerce would like to formally thank Ambassador Kirby for his outstanding service.

We would like to say how grateful we are for his tremendous contribution to American business here in Moldova. Ambassador Kirby has accomplished many things in his tenure here. His activities have touched all areas of the country's development, including in the social, cultural, economic and legal fields.

He has launched an independent healthcare center system, promoted free, fair and independent elections, open access to information, active citizen participation, thus emphasizing the need for

striving to create a society genuinely democratic, while also supporting efforts toward European integration as a way to strengthen a transparent and functioning legal and judiciary systems, media and an attractive business environment for investors.

To show our appreciation for all Ambassador Kirby has done for AmCham and Moldova, we bestowed upon him the first ever "Honorary Lifetime Membership" in AmCham Moldova for his exceptional efforts in developing and promoting a positive business and investment climates in the Republic of Moldova.

Thank you once again for all of your hard work and dedication.

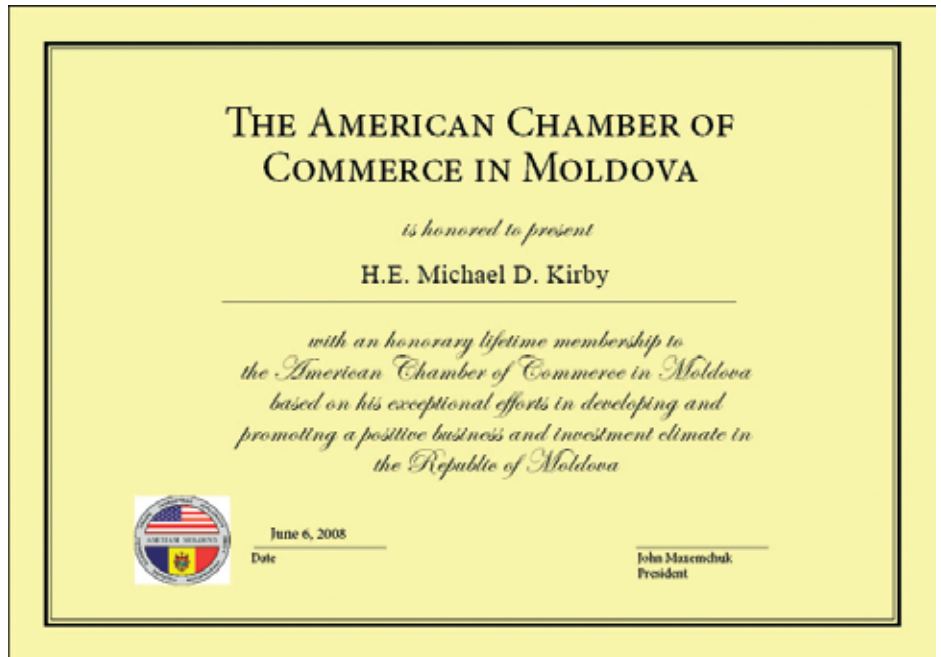
We wish you the best of luck in your next assignment and beyond.

- AmCham Moldova

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H.E. Michael D. Kirby
Ambassador to the
Republic of Moldova



AmCham Moldova Inagural Honorary Lifetime Member

2008 - Ambassador Michael D. Kirby,

Letter from Transparency International Moldova

Civil Society Monitors the Implementation of Millennium Challenges Corporation Threshold Country Program

In order to raise the efficacy of the Millennium Challenges Corporation Threshold Country Program (TCP) for Moldova, and ensure the transparency of its implementation, USAID in collaboration with the Academy of Educational Development (AED) finance the project "Strengthening Civil Society Monitoring Capacity in Moldova".

In the frame of the project five NGOs from Moldova monitor the implementation of this program in six priority fields: Centre for Combating Economic Crimes and Corruption, customs, the fiscal body, judiciary, police and health care system.

Transparency International - Moldova takes part in monitoring the fiscal system. In the frame of this monitoring Transparency International does not limit only to ascertaining facts concerning the execution of some measures of the program. Our target is to be constructive and to work up proposals on raising efficiency of both project implementation and of corruption prevention in the fiscal system. In our case, monitoring also comprises an analysis of the regulatory framework of the institution and its subdivisions, verifies employment and promotion policy in the fiscal system, studies the access to information in the fiscal system. It verifies the existence of a system of imposing the ethical values, of a policy on prevention of conflict of interests, of a system of internal control, of a petitioning system, verification of observance of procedures in public procurements.

So far the attitude of the Main State Fiscal Inspectorate (MSFI)

has been collaborative. They offered all of the requested data, answers to our questions, and accepted our suggestions.

In recent years the MSFI has made efforts to improve its image and prevent corruption in the fiscal system. The results of the surveys carried out by Transparency International - Moldova during the last 7 years prove this fact. Thus, compared to other five fields of the TCP, the fiscal body enjoys the highest level of trust among businessmen.

Possibly, there is no country where the fiscal inspectors and business people could be cap and can, but, an improvement is noticed here as well. Therefore, the perception of a lawful behavior of the fiscal inspectors has increased during the recent years: the share of respondents who share this opinion in 2002 accounted for 18,8%, and in 2008 - 59,9%. The results of our researches show that, compared to 2005, the volume of unofficial payments paid by the businesspeople to fiscal inspectors has declined twice. Among such causes of corruption in the public service as tolerance towards the phenomenon, civic passiveness, lack of transparency and limited access to information, excessive discretion in decision making, underdeveloped democratic traditions, there are also economic reasons, as well as causes related to poor law enforcement. TI-Moldova elaborated a series of indicators on corruption risk in all six domains of the TCP. Calculations show: when compared to the minimum necessary for existence, in all of the domains (except for the judiciary system) the average salary is relatively low. Compared to the salary bribes are quite high and attractive for public servants, especially since the probability to be caught while taking a bribe is almost zero. This

means that the risks of corruption are still quite high. In order to raise the efficiency of corruption prevention TI-Moldova considers that the TCP might need to establish some new efficient mechanisms to impose public ethics, solve conflict of interest situations and promote internal control.

Lilia Carasciuc,
Executive Director
Transparency International -
Moldova

Additional Information:

Transparency International - Moldova as the National Chapter of the world anti-corruption organization Transparency International was registered on June 14, 2000.

One of the main priorities of Transparency International - Moldova in launching an anti-corruption movement is to convene the most pro-active personalities known in the country as promoters of transparency, democracy and accountability - the key principles of anti-corruption activities.



Contact Information for Transparency International Moldova:

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e-mail: office@transparency.md
Web: www.transparency.md

AMCHAM CSR COMMITTEE ANNOUNCES INAGURAL CSR AWARDS PROGRAM

This year the CSR Committee is launching the inaugural AmCham CSR Awards. These awards will raise public awareness of CSR and will honor, as well as showcase, companies that have made notable contributions to further corporate citizenship in Moldova. By drawing attention to these firms and their CSR projects, the AmCham CSR Committee aims to acknowledge their efforts, as well as provide models to other companies to build their own CSR programs. This annual event will serve as a platform for corporations to share their CSR best practices in such areas as community outreach, volunteer mobilization, human resource management, environmental protection and corporate governance.

There will be four CSR awards presented to AmCham members:

1. General Award – honors all firms.
2. SME Award – honors small and medium enterprises.
3. Partnership Award – honors firms that carried out CSR activities in partnership with other companies, NGOs and/or government agencies.

4. Philanthropy Award – honors outstanding philanthropy projects.

The benefits for award winners will include:

- Presentation at the Annual CSR Conference in Moldova
- Permanent recognition at AmCham office.
- Recognition on AmCham website.
- Article in AmCham’s publication “BusinessReview”

Eligibility requirements:

1. The candidate must be an AmCham member.
2. The CSR project must be on-going or launched not earlier than January 2007.
3. The CSR project must be carried out on the territory of Moldova.
4. The CSR project must provide benefit to identified stakeholders.
5. The CSR project must have measurable results.
6. The candidate must be willing to share information with other AmCham Members.

Submission process

Interested AmCham members will apply for the awards themselves. Candidates are required to

fill out an application form and return it to info@amcham.md.

The deadline for submitting applications is September 1, 2008.

Time line of events

July 1: Application period opens

September 1: Application period closes

September 15 – October 15
Evaluation of applications

October / November:
CSR Conference/Awards Event

Evaluation

Finalists for each award category will be selected by an independent evaluation committee which will include AmCham members and independent CSR experts. The evaluation committee will not include employees of competing applicants. Companies can be nominated for more than one awards category.

For more information and application form please visit www.amcham.md or contact Mila Dodon, Project Manager, miladodon@amcham.md, tel. 211-781

CSR JOURNALIST COMPETITION RESULTS

In May, the Corporate Social Responsibility Contest for Journalists organized by AmCham Moldova in cooperation with Eurasia Foundation in Moldova came to an end. Several reporters from different regions of Moldova applied to the Contest with their articles and after a rigorous examination of the applications, the independent jury stated that most of the articles, even though being professionally written, ultimately did not meet the contest’s requirements for reporting on CSR.

The Jury awarded all participants with participation diplomas and instead of cash prizes the participants were offered the opportunity to attend a seminar for journalists “Mass-media and Corporate Social Responsibility”, which will be held on June 18, in Odessa, Ukraine.

We are also glad to inform you that the Contest Jury decided to offer opportunity to a larger number of journalists to participate in the above mentioned seminar. For more details about the application procedure please feel free to contact our Project Manager, Mila Dodon, tel. 211-781, e-mail: miladodon@amcham.md.

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AMCHAM MEMBER CSR ACTIVITIES

Mark Twain: "Let us live so that when we come to die even the undertaker will be sorry."

In our further attempt to increase membership benefit, we will be devoting this page of AmCham "Business Review" to provide insight on the current CSR initiatives of AmCham members aimed to make a positive difference in society. In this way, we'll strive not only to showcase businesses for demonstrating ethical leadership, but also to educate our readership on the many aspects of responsible business practices. If you are interested in being a contributor to the next issue of our "Business Review", please, feel free to contact our Project Manager and CSR Committee Coordinator Mila Dodon, miladodon@amcham.md, tel. 211-781.

MARY KAY®


To honor the 45th anniversary Mary Kay Company's charitable concept is - «We change lives of women and children around the world».

This year Mary Kay in Moldova for the first time launches the charitable initiative called «Beauty that Counts», to support those who need it most.

This initiative's goal is to help end women traffic from Moldova, as well as social and psychological assistance to victims of traffic through a relationship with International Organization for Migration, mission in Moldova. This campaign is directed to make Moldovans aware of the risks, that our friends and relatives, who go abroad for labor or education, may incur.

Let us together improve the world. The Mary Kay beauty consultants take part in this campaign through buying Mary Kay® Lipstick. Buying these products they help women not to leave abroad for uncertain jobs and not leave their children alone.

Mary Kay will donate 100 percent of its profits from the sale of these Mary Kay® products to contribute to its efforts to help women and children from Moldova in collaboration with International Organization for Migration, mission in Moldova.

The Ministry of Education and Youth of the Republic of Moldova announced in April that the Project "Education for All - Rapid Action Initiative" would be extended for another year. The national project "Education for All" was officially launched in June 2007 and is aimed at socially vulnerable families with children aged 5-7 years old who do not attend preschool educational institutions.

The results of the project's first year show how efficient it has

been: 50% of children from socially vulnerable families, identified in 33 regional centers and 15 villages, have already been involved in preschool services within the campaign "Help Him Grow into a GREAT PERSON"; 250 community agents worked with the families of vulnerable children for four months to encourage the parents to enroll their children in kindergartens. The project's success is also due to the dialog and social partnership established between various segments - the ministry, local public administration, community teams and, last but not least, the private sector. Moldcell responded promptly and receptively to the initiative

"Education for All", demonstrating a reproduceable example of social responsibility, being the only business representative to support the project.

"Moreover, company employees formed groups of volunteers who took part in the renovation works conducted in two kindergartens situated in the rural areas of Moldova. Two stimulating contests have been launched. This spring, the winners of the contests received their awards offered by Moldcell: the three most active communities and the 12 most active journalists who helped mediatize the project."

- Rodica Verbeniuc

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If you represent a foreign entity in CIS countries (or local entity with foreign investment), then you need 2 separate sets of books of accounts, one for local reporting (*only in local currency*) and another one for international reporting (*in multi-currency*); and you very well understand 'the cost' of international accounting & reporting in this part of world, especially if you're a small or medium scale business.

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AMCHAM MEMBER DISCOUNT PROGRAM

We at the American Chamber of Commerce are continuously searching for new ways to work and interact with our members. We accomplished many great things in our first full year of activity and we now have a very solid foundation from which to expand our activities.

One area that we hope to improve in 2008 is member benefits. Many of our members would like to receive a discount on the products and services that they regularly use for their businesses. We think that our members could work together to offer each other such discounts on products and services.

A new program that we are launching this year is a Member Discount Program. The purpose of this program is to allow our members the possibility to offer a product/service to AmCham members at a discount. We plan to give each participating AmCham member an Enterprise Card (a specially designed card about the size of a credit card)

to show other members that they are in fact part of the new program.

Only AmCham members will be eligible to receive the benefits of the Member Discount Program. However, we may look outside the AmCham membership to other companies that would like to offer our members special discounts on their products and services. For example, there are many restaurants in Chisinau that would like to attract AmCham members by giving them a discount on the total bill that they accumulate for dinner, however, these third party companies would not receive the Enterprise Card, and, therefore, not be eligible to benefit from this program when purchasing products/services from AmCham Members.

Not only is this a great way to support AmCham and work directly with your fellow members, it is also a great way for any company to promote itself at relatively low costs. Each AmCham member that participates in the

Member Discount Program will be featured on the AmCham website along with the product or service that they are offering to the Program. Additionally, each AmCham member that participates in the Member Discount Program will be free to choose exactly what discount they offer to other AmCham members. No discount is too large or too small; the most important aspect of this Program is that it really benefits all of our members.

I would like to invite your company to participate in the Member Discount Program. Your commitment to this new and innovative Program is much appreciated. We kindly ask that you let us know how your company will participate in this program by contacting Trent Blakely at 211 781 or trentblakely@amcham.md.

Thank you very much and I look forward to working with you in the near future.



Business Mission Planned for Autumn 2008

AmCham is launching a new initiative: business mission to the USA, which will be held in autumn 2008.

This event will give the opportunity to introduce Moldova as an exceptional location for investments and to invite American investors to get acquainted with the plentiful opportunities Moldova

has to offer the foreign business community.

We are confident that this business mission will contribute to a harmonious development of business cooperation between Moldova and the United States of America, and will allow businesses to find new partners and to establish advantageous working

contacts.

AmCham Moldova invites all members and interested parties to join us and participate in this event.

For more information please contact Elena Buzu, Project Coordinator, tel: 211-781, e-mail: elenabuzu@amcham.md

AmCham to Launch HR Committee, Survey

Based partly on feedback from the Membership Satisfaction Survey, AmCham plans to strengthen its business advocacy activities, namely, by organizing committees and working groups where members will have the possibility to share their views and ideas on some relevant common issues, as well as to achieve some common goals.

Recently, AmCham launched the Corporate Social Responsibility Committee which is successfully developing its activities to promote the CSR principles and encourage and facilitate responsible business practices.

Our next focus is the creation of

a Human Resources Committee. The idea of launching this Committee arose basically from members' concerns about the intensifying labor shortage and the need to attract and retain key employees.

Through this Committee we plan to provide a meeting forum for Human Resource Management professionals to consider strategic issues, facilitate regular exchange of information, and share best practices within the area of HR management, in order to create a stronger workforce and an enhanced working environment overall.

Those who are interested to join


the AmCham Human Resources Committee, please, do not hesitate to contact our Project Manager and Committees Coordinator Mila Dodon, miladodon@amcham.md, tel. 211-781.

For your convenience we have created a Labor Survey to help us understand the areas in which your organization has had difficulties with HR.

Please find the survey below, you may fill it out directly at www.amcham.md or request a copy from the AmCham staff.

Remember that even the smallest voice can make a big difference.

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AmCham Moldova, Labor Survey, 2008

1.1. Company General Information

Company Name: _____ **Year Founded:** _____

Address: _____ **Telephone:** _____ **Fax:** _____

Director / President: _____ **Contact Person:** _____

Type of the company: (please check one) **State:** _____ **Private:** _____ **Joint – Venture:** _____

Foreign capital (%): _____ **Local capital (%):** _____

Number of employees: _____ **Number of full time employees:** _____

Number of part- time employees: _____

Area of activity: _____

Main products/ services: _____



AmCham Moldova, Labor Survey, 2008

1.2. Company Specific Information

Has your company faced difficulties filling vacant positions in the past 12 to 18 months? Yes _____ No _____

In your opinion, what was the main cause(s) of the difficulty? (please choose one)
 Wage: _____ Qualification of employee: _____ Low response rate to the job position: _____

Other (please specify): _____

Has the time needed to fill positions: Increased _____ Decreased _____
 Remained the same _____

Has the difficulty filling positions impacted your company? Yes _____ No _____

To what degree do you anticipate labor issues affecting your company in the foreseeable future? High _____ Some degree _____ No effect _____

Would your company have hired more professional staff if candidates had had the necessary skills? Yes _____ No _____

Which domain is becoming challenging to fill with sufficiently skilled job candidates?
 Sales & Marketing _____ IT _____ Accounting & Finance _____ R&D _____
 Senior Management _____ Communication _____ Other (please specify) _____

Which functions are becoming challenging to fill with sufficiently skilled job candidates?
 Top management _____ Qualified labor force _____ Unqualified labor force _____
 Additional Personnel _____ Other (Please specify) _____

What level of education would your ideal job candidate best fill the need for your company's hiring? _____

Do you think the Moldovan education system is responding to the needs of the business community? (please motivate your answer) Yes _____ No _____

What do you think are the main reasons that cause labor force dissatisfaction?
 Country Economic Situation _____ Low wages _____ Lack of growth opportunities _____
 Lack of modern training: _____ Lack of modern management & comfortable conditions _____
 Other (please specify): _____

What methods do you use in order to recruit personnel? _____

What specific actions or initiatives would you like to see taken by either the private or public sector to address labor issues in Moldova? _____

Customs is generally perceived as one of the most difficult and confusing aspects in the realm of international business. While that may have some truth to it the Customs Service of Moldova has been working to make clearing Customs a streamlined and pain free procedure. In this section we'll take a closer look at Customs in Moldova at present, what to expect in the future, and what your business can expect while importing and exporting to and from the Republic of Moldova.

FOCUS ON CUSTOMS

Companies and individuals are free to import and export goods into the Customs territory of the Republic of Moldova unless they are banned by law in the interest of national security, protection of public order, environmental protection, protection of intellectual property rights and protection of items of artistic, historical and archeological value.

When goods are brought into the Customs territory of Moldova either from an international border, Free Trade Zones or Free Customs Warehouses, the shipping agent must notify the Customs authorities of the crossing point. The Customs Authorities will then designate the time and place where the goods and the required documentation should be delivered for Customs clearance.

Goods may be imported into Moldova under the following regimes:

- 1) *Direct Imports*—goods brought into the Customs territory of Moldova are released into free circulation after all Customs documentation has been approved and fees paid.
- 2) *Transshipment*—goods that are moved through Moldova from one Customs jurisdiction

to another Customs jurisdiction without payment of Customs fees. Goods that are being transhipped must remain unchanged in character and composition, and must not be used for any purpose other than transshipment. The maximum time allowed for transshipments is 72 hours. Goods that are subject to export and import restrictions or bans are not allowed to be transhipped.

3) *Customs Warehouse*—goods may be imported into a warehouse under Customs control without payment while being stored. Goods warehoused in this manner may remain there for three years. Goods held in a Customs warehouse may be prepared for sale by changing them to comply with local safety measures, packing and labeling requirements, etc. Customs warehouses may be public or private. Private warehouses are subject to license from the Customs service. Goods that are prohibited from import and export into the Customs territory may not be placed in the Customs warehouse.

4) *Inward Processing*—goods may be imported into Moldova for further processing; with paid import duties and taxes refunded once the finished products are

exported out of Moldovan territory. Authorization is required from the Customs service and the allowable timeframe for such processing is based on the estimated duration for production.

5) *Temporary Import*—the Customs authorities provide permits for goods to be brought into Moldova for a temporary period of time under complete or partial exemption from duties and taxes if they are exported in an unchanged condition.

6) *Free Trade Zones*—goods may come into, be used, or exported from Free Zones, without payment of any Customs duties or fees. Production, and all commercial activities except for retail trading are allowed; and goods may remain for an unlimited period of time.

7) *Private Free Customs Warehouse*—a company may obtain a license to set up a warehouse on their premises, under Customs control, to import and store goods for production, as well as all commercial activities other than retail trade free of duties and taxes. The goods may remain for an unlimited time, but day to day accounting of the goods must be maintained.

INTERVIEW WITH MR. VIOREL MELNIC, GENERAL DIRECTOR OF CUSTOMS SERVICE OF THE REPUBLIC OF MOLDOVA

Q1. Now that the Republic of Moldova is located on the border of the European Union, have the objectives of the Customs Service of the Republic of Moldova changed and what reforms have been recently implemented within the Moldovan customs?

Obviously, the new EU-neighborhood status of the Republic of Moldova highlights the restructuring of certain areas including the customs system. Close proximity to the EU border, determined the Republic of Moldova to sign the EU-RM Action Plan and the implementation of the provisions of this Plan became the top priority of the Customs Service activity in the last years.

Among the key activities included in the above-mentioned Plan was the efficient implementation of certification and control of origin of imported and exported goods by the customs bodies. Thus, starting with January 1, 2008, the Customs Service is the only authority in the Republic of Moldova issuing certificates of preferential origin. The economic operators can obtain these certificates at the customs posts, where the export declarations are processed, thus, eliminating any additional bureaucratic formalities. Moreover, due to these new proceedings the grounds for obtaining autonomous trade preferences for goods from Moldova were set.

Another task set in the EU-RM Action Plan was the implementation of the "single window" principle. According to this principle, only the Customs and Border Guard Services are authorized to work in the customs control

zones, allowing the businesses to provide all the information on imported/exported goods to a single checking office to implement this, amendments have been made to the current legislation, delegating certain competencies of the state agencies from the border control zones to the Customs Service. The next step to implement the "single window" approach will be to operate a single database that will allow all the control agencies to exchange information. It should be noted that representatives of the economic operators, transport associations, shipping agents and customs brokers are also involved in the implementation of the "single window" approach.

Of no less importance was the recent institutional reform of the Customs Service of the Republic of Moldova, which resulted in the consolidation of 8 customs offices (initially there were 15) and the development of the customs competencies in post clearance audit, fight against customs fraud and offences, risk management, certification of origin of goods and development of the business – customs dialogue.

2. It is known that Moldova became a member of the World Customs Organization (WCO) in 1994. What are the benefits of Moldova within this Organization?

For over 14 years now, since the Republic of Moldova joined the WCO, the Customs Service benefits from a number of facilities offered to the members of this Organization, such as:

- Assistance in the elaboration and implementation of the Moldova Customs Service Development Strategy oriented towards securing and facilitating trade;

- Intensification of international cooperation in customs matters;

- Participation in conferences, seminars, workshops, as well as various fellowship programs, organized for the WCO member-states;

- Harmonization of the national customs legislation with the international standards;

- Possibility to benefit from instruments offered by the WCO, such as: Conventions, Recommendations, Guidelines, E-learning programs, etc.;

- Participation in different pilot-projects aimed at implementing the WCO Framework of Standards (COLUMBUS Program), supporting the reforms in the framework of the Customs Service and providing relevant consultation.

3. The customs activity is very complex. Could you, please, explain what are the main responsibilities of the Customs Service?

The most important responsibilities of the Customs Service are as follows:

- Participation in the elaboration of the state customs policies and their promotion;
- Ensuring the observance of the customs legislation and protection of the person's rights and legal interests within the customs activity;
- Collection of import/export duties. At the moment, the revenue collected from customs duties constitutes over 60% of the total State budget;

Interview continued on page 16

THE EU BORDER ASSISTANCE MISSION TO MOLDOVA AND UKRAINE

The EU Border Assistance Mission to Moldova and Ukraine is seeking to make a sustainable contribution to the delivery of good quality border and customs services to the citizens and companies of Moldova and Ukraine so as to facilitate contacts and trade. With its partners in Moldova and Ukraine, it aims at development of a system of border and customs controls and border surveillance which meets European standards and serves the legitimate needs of the citizens of both countries.

The Mission has no political role, it is an advisory, technical body. Its objectives were established in the Memorandum of Understanding signed by the European Commission and the Governments of Ukraine and Moldova on 7 October 2005. Among these objectives are:

1. To contribute to the implementation of the EU ENP Action Plans with Moldova and Ukraine, in particular as regards outstanding border management issues in Moldova and Ukraine
2. To build operational and institutional capacity in Moldova and Ukraine to ensure effective border control and surveillance.
3. To contribute to the settlement of the Transnistria conflict by strengthening border control and border surveillance in Moldova and Ukraine, thus reducing possible security threats originating from this region.
4. To improve cross-border cooperation in border management.

Since the Mission started work in November 2005 its observation of the situation on the Moldovan - Ukrainian border and its objec-

tive advice on legal, structural and practical issues have contributed to greater transparency and cooperation along the border. The efforts of the Mission jointly with its partner services, through various forms of training and on the job advice, have resulted in a much better assessment of the security situation along the border, better developed capacity to deal with criminal activities, such as use of risk analysis and selectivity, developing closer cooperation between the two services and the two countries, for example through information exchange and cooperation with border management institutions in the European Union, including in neighboring Member States. The Mission has facilitated four joint operations on the Moldovan-Ukrainian border between the border services of both sides. These have yielded very satisfactory results in terms of seizures of smuggled goods and detection of organized illegal migration.

The Mission has provided technical assistance to the partner agencies through an EC-funded project called BOMMOLUK. The needs for equipment were identified jointly with the partner services. The overall BOMMOLUK budget amounts to 9.9m EUR of which 3.3m EUR were spent during the first phase ending in December 2007. 2.2m EUR of this sum were spent on procurement of equipment for the border guard and customs services of Moldova and Ukraine. One sub-component of BOMMOLUK 1 was the design and implementation of a system for the exchange of preliminary information between the Customs Services of Moldova and Ukraine. This is now operational, and helps the two services to detect smuggling and undervaluation much more

effectively than before.

In the framework of the first part of BOMMOLUK project the Customs Service of Moldova received equipment worth almost 400 000 EUR, including Memory Sticks, laptop computers, portable printers, desktop PCs, shredders, combined fax/printer/scanners, X-ray machines, endoscopes, mobile telephones, digital cameras, weigh bridges, portable radio stations, control mirrors, drugs testing kits, IBM WebSphere software. By 2009 the Moldovan Customs Service will receive equipment worth app 2 m. EUR from this project

From March 2006 – November 2007 seven study tours were organised for Moldovan Customs Service in the framework of the BOMMOLUK project to different European countries.

Following the Mission's recommendations on tackling undervaluation and fiscal evasion, the Moldovan Government issued Decree 870/2007 regarding the monitoring of import trade transactions. Its purpose is to observe the prices of goods which are imported into Moldova, from the moment they pass through customs control until they are in free circulation. This mechanism includes the updating by the Moldovan Customs Service of the ASYCUDA World Program with internal market prices.

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The Moldovan Border with the Ukraine

CONTINUATION OF INTERVIEW WITH MR. VIOREL MELNIC, GENERAL DIRECTOR OF CUSTOMS SERVICE FOR THE REPUBLIC OF MOLDOVA

- Ensuring state economic security and protecting its interests;
- Fight against contraband, customs and fiscal legislation offences;
- Customs control of currency values, according to its competences;
- Participation in the elaboration of international agreements on customs matters;
- Ensuring observance of the state obligations in the customs field in conformity with the signed international agreements; and other.

4. What are the best mechanisms / best practices used in Moldova customs?

One of the best practices recently implemented in customs is the application of selectivity criteria in goods control and clearance. Thus, all external economic transactions are processed automatically (considerably reducing the human factor) through the ASYCUDA World Information System, the imported/exported goods being analyzed against risk profiles. The use of the ASYCUDA World System in the customs activity significantly reduces the time necessary for the import/export formalities and also contributes to better securing the Moldova borders against illicit circulation of goods.



Customs Service Headquarters in Chisinau, Moldova

Another success obtained in the customs activity is the implementation of the previously-mentioned „single window” concept, aimed at facilitating the goods declaration and customs control process by means of information technologies. As a result, the time necessary for customs clearance procedures was reduced from 119 minutes registered in April 2007 to 61 minutes in November of the same year, while the desired average time was set to make up to 70 minutes.

5. What will be your message to the business society involved in the customs process?

The main message of the Customs Service of the Republic of Moldova to the trade community is that it is open for dialogue and partnership. We are convinced that it is only through collaboration with the business society that we will be able to implement the best international practices in facilitating trade in our country.

A very special thank you to Mr. Melnic and the Customs Service for taking the time to speak with AmCham Moldova.

Clearing Moldovan Customs

Items that can be taken into and out of the Republic of Moldova by physical persons that are exempt from taxes at the border (abridged list):

1. Beer - up to 5 liters;
2. Wine - up to 2 liters;
3. Cigarettes - up to 200 individual pieces (10 cartons)
4. Shoes - up to two pairs
5. Eye glasses - up to four pairs
6. Money (when entering Moldova) - up to 10,000 Euros with a verbal declaration, anything above 10,000 Euros requires a written declaration;
7. Money (when exiting the country) - up to 10,000 Euros with a verbal declaration and from 10,000 - 50,000 Euros with a written declaration;
8. Wrist watches - up to three;
9. Automobile - only one.

Items that may not be taken out of the Republic of Moldova (abridged list):

1. Objects with cultural value, including art (except with the expressed written approval from the Minister of Culture and the Minister of Tourism stating that the object in question contains no cultural value);
2. Objects valued at more than 10,000 Euros (unless the proper import/export taxes have been paid).

FREE ECONOMIC ZONES

Free Economic Zones (FEZ) are areas where domestic and foreign investors can carry out entrepreneurial activities on preferential terms. FEZs have the status of an independent customs territory and benefit from favorable tax, customs, currency, visa, labour and other regimes. Currently in Moldova there are 6 FEZs located in Ungheni, Tvardita, Otaci-Business, Vulcanesti, Taraclia, and Chisinau.

The following types of activities may be carried out in an FEZ:

1. Production of goods for export;
2. Sorting, packing, marking and other similar operations of goods undertaken on the customs territory of Moldova;
3. Other supportive activities, such as utility services, warehousing, construction, catering and others needed to fulfill the activities indicated above.

The legislation provides incentives, guarantees and privileges for enterprises in the FEZ. Residents enjoy a special customs and tax regime. In particular, they benefit from the following incentives:

1. 50% reduction in corporate tax on income derived from export of goods from the FEZ out of Moldova;
2. 75% reduction in corporate tax for income derived from sources other than the export of goods
3. 100% corporate tax reduction for 3 years following a USD 1,000,000 investment within the FEZ;
4. 100% corporate tax reduction for 5 years following a USD 5,000,000 investment within the FEZ.

Investors into the FEZ are guaranteed and protected from changes in legislation for a period of up to 10 years.



An Exclusive Economic Zone (EEZ) is a seazone over which a state has special rights over the exploration and use of marine resources.

WORLD CUSTOMS ORGANIZATION

The World Customs Organization (WCO) is the only inter-governmental organisation exclusively focused on Customs matters.

With its worldwide membership, the WCO is now recognized as the voice of the global Customs community. It is particularly noted for its work in areas covering the development of global

standards, the simplification and harmonization of Customs procedures, trade supply chain security, the facilitation of international trade, the enhancement of Customs enforcement and compliance activities, anti-counterfeiting and piracy initiatives, public-private partnerships, integrity promotion, and sustainable global Customs capacity building programs. The

WCO also maintains the international Harmonized System goods nomenclature, and administers the technical aspects of the WTO Agreements on Customs Valuation and Rules of Origin.

The WCO now has 173 members. The Republic of Moldova became a member of WCO in 1994.

AUTONOMOUS TRADE PREFERENCES

From March 1, 2008 the Republic of Moldova has benefited from the new scheme of trade preferences granted by the European Union, known as the Autonomous Trade Preferences (ATP). ATP basically allows virtually all products originating in the beneficiary countries to enter the EU without quantitative restrictions and customs duties, the only exemptions being imports of wine, baby beef and some fishery products to which tariff quotas apply.

The Government of the Republic of Moldova is in the process of improving the regulatory and institutional frameworks on certification of origin of exported goods in conformity with the EU requirements. For the first time, the European Union launched the Regional Approach Initiative for the Western Balkans in 1997, which covered the following fields: trade (application of autonomous trade preferences), financial assistance and economic cooperation.

Continuation of article from page 11

At the same time the Mission is contributing to the peaceful resolution of the Transnistrian conflict, firstly as a neutral and objective observer; and secondly through its efforts to help our partners tighten control on the border to enhance stability in the region of the border and reduce crime. Another factor is that companies based in the Transnistrian region of the Republic of Moldova have been able to make use of greater opportunities for legitimate business, thanks to the steady implementation of the December 2005 Joint Declaration between the two governments on the single customs regime in Moldova, observed by EUBAM. Up to now over 400 companies in the Transnistrian region have registered with the Moldovan authorities for

customs clearance. The Mission also provided advice to Moldova on the procedures for this and for customs clearance of goods imported by these companies for use in their export products. They are able to obtain Moldovan certificates of origin, and thus to access preferential trade regimes, on a non-discriminatory basis. These steps have strengthened the rule of law, and have the potential to contribute to economic wellbeing in the region.

A lot was achieved over two years, but we are not complacent about the Mission's achievements. A good deal remains to be done, as the extension of the Mission's mandate until November 2009 shows. Some aspects of cooperation have still to be resolved, in order for the Mission fully to implement its mandate. Organised criminal activity, including smuggling of goods

and people, especially across the Transnistrian segment of the border, and the persistent challenge of corruption, are still present. This means that we must press on, developing our own skills and capacity, and building a deeper level of cooperation so as to provide a high standard of guidance and support to our partners in their pursuit of greater professionalism and European standards.

-Janet Gunn
Reporting and Communications Officer

European Union Border Assistance Mission to Moldova and Ukraine

**CUSTOMS PROCEDURES**

The export transactions procedures consist of three separate phases:

- Phase 1: Pre-customs procedures
- Phase 2: Customs procedures
- Phase 3: Post-customs procedure

Pre-customs procedures as part of Phase 1:

- 1.1. Preparing the exporting company's documents
- 1.2. Preparing the documents concerning the goods
- 1.3. Collecting the information concerning transportation
- 1.4. Preparing the certificates
- 1.5. Preparing the repatriation declaration.

1.6. Preparing the customs declaration.

Customs procedures as part of Phase 2:

- 2.1. Documents and goods presentation and their control
- 2.2. Dues payment for the customs procedures
- 2.3. Concluding export documents

Post-customs procedures as part of Phase 3:

- 3.1. Sending the exported goods to the importer
- 3.2. Preparing the documents and collecting VAT
- 3.3. Monitoring and evaluation the export transaction

314

Total number of land, air, and seaports in the United States.

18

Total number of land, air, and seaports in Moldova.

Civil Procedure

On April 17, 2008, the Parliament approved the Law on the amendment and completion of the Civil Procedure Code. The draft law comes after the findings of a European Court of Human Rights' decision against Moldova having the purpose to prevent new sentences. The new provisions allow, in the stage of recourse, the Supreme Court of Justice to decide, at the demand of applicant concerning exemption, deferment and gradual payment of the state tax. Also, it allows the deferment or gradual payment of the state tax by legal entities and the right of the latter to appeal.

Corruption

On April 24, 2008, the Parliament approved the Law on preventing and countering corruption. The old law does not comply with the standards set by international documents in the domain, particularly the European penal and civil conventions on corruption and the UN Convention against Corruption.

The 7 chapters of the law focus on the definitions of corruption and other notions (updated in compliance with international documents, for instance the new notion of public agent or international public agent); the basic measures for preventing corruption (including the private sector); the bodies empowered to implement the law; general principles of liability (describing the unlawful acts categorized as corruption).

The adoption of the law will lead to amendments to other laws - the Criminal Code, Code of Contraventions and the Law on Entrepreneurship and Enterprises.

Tax Law

On May 5, 2008 the Parliament examined the Bill on the amendment of the Tax Code and the Law on the Center for Combating Economic Crimes and Corruption (CCECC). The draft law is intended to concentrate the activity on estimation and collection of debts under a single body – by passing this competence from the Center for Combating Economic Crimes and Corruption, to the State Tax Service. The draft law also limits the competences of the Center in operating tax audits, which will be authorized only as part of the criminal investigations.

Given these arguments, experts conclude that it is necessary that the Bill is approved, this fact contributing to the implementation of the Action Plan on implementing the 9th point of the Actualized Memorandum on

Economic and Financial Policies. They also say that the bill corresponds to the international standards Moldova has to attain.

Air Transportation

On May 13, 2008, the Parliament examined the Bill on the Marculesti International Free Airport. The purpose of the draft law is to optimize the use of infrastructure and production capacities in order to attract foreign investments, as well as to develop specific areas of the country and integrate the national economy to the European economic space. The Marculesti International Free Airport is created in order to accelerate the development of air transportation and the services connected to it, as well as the industrial production of goods and foreign trade.

The Bill provides regulations on the customs regime, taxes and other advantages for the airport's residents, as well as the state's guarantees. These regulations are worked out in order to ensure a favorable investment climate and the implementation of economic projects in the area of the Free Airport.

According to the Bill, the residents will be authorized to perform the following categories of activities on the territory of the Marculesti Airport:

- providing land and air transportation services;
- wholesales trade of goods;
- industrial production of export goods;
- processing agricultural goods and food;
- sorting out, packing, marking and other operations with goods transited through the Free Airport;
- providing paid services to the airport's residents and foreign companies.

Company Law

The law on the state registration of legal entities and private entrepreneurs adopted in October 2007 came into force on May 1. This law essentially simplifies the procedure for registering companies and striking them off the State Register. The law reduces the term for registering a company from 15 to 5 days, and the number of documents needed for registration – from 6 to 4. The identification papers will not be compulsory. The State Registration Chamber will check every private individual or legal entity to see if they are residents of Moldova and have the documents proving this. Another document that is not required when registering a company is the certificate showing that the applicant that wants to open a company does not have debts towards the national public budget. This information

will be obtained by the employees of the State Registration Chamber automatically, through interaction between the databases of the Chamber and of the State Main Fiscal Inspectorate. The institutions involved in the registration procedure will pass on the necessary information to the State Registration Chamber electronically. The economic entity or the future economic entity will not need to go to these institutions. If an institution does not provide the information required for registering a company within seven days, this company will be registered, as no answer from the given institution will be considered as approval.

The law introduces the notions of active and passive entities, which are new for the area of civil law in Moldova. If a legal entity was registered, but it did not start to work within 12 months, i.e it did not present fiscal reports and did not carry out bank operations, it will be considered a passive legal entity and could be struck off the State Register according to a predetermined simplified procedure. Consequently, the Register will include only the companies that work. Out of the 140,000 registered companies, less than a half work at present. Private companies will be treated as physical entities, as they are in reality, and will be liquidated not by a court decision, but under a simple application, within three days.

Real Estate

On May 14, 2008, the Parliament examined the Draft Law on the Amendment of the Law on Cadastre and Real Estate and the Law on Notary Office. This bill points out that there are a lot of cases when citizens, who have invested serious funds in real estate, are exposed to fraud and abuse.

The bill is designed to prevent the emergence of financial pyramids, the domain of investment in construction being a risk area. The cause of these abuses is in the fact that, at the moment, when concluding contracts for investing in construction, there are no legal provisions which would oblige the parties to authenticate and register the documents (even though these contracts involve huge sums). The current system also lacks a range of other conditions which would provide guarantees for the investor that the obligations taken upon by the contractor will be executed.

The purpose of the bill is to protect the investors in the domain of the construction of houses, to ensure their rights to the future apartments and houses. The bill is only focused on protecting the rights of individuals (natural entities).

The draft law regulates the mechanism

of compulsory registering and notarial certification in the domain of construction of houses, including the contracts on the transfer of rights in the domain. The sanction for not fulfilling this obligation is the nullification of the contract.

Mortgage

The relations between the participants in the mortgage market will be governed by a new law, adopted in first reading by the Parliament on May 15, 2008. Economy and Trade Minister has stated at the plenary sitting that the law aims to remove contradictory provisions concerning mortgage and to offer increased protection to the subjects of mortgage agreements. The parliamentarians, in general, saluted the bill, but remarked that certain provisions restricted the benefits of the law to a limited number of people.

One of the most discussed chapters of the bill was the one providing for the obligation to secure the object of the mortgage to the benefit of the creditor. The law lays this obligation with the mortgagor (the person who borrows money under a mortgage agreement from the mortgagee). If the mortgagor fails to secure the property, the creditor shall do that at the expense of the debtor.

Some of the MPs believe that the bill, as it is currently drafted, will advantage the banks, which are customary mortgagees, and does not guarantee the interests of ordinary people. Making it mandatory to secure the object of the mortgage will restrict the benefits of this system to some 15 percent of the population.

Speaking of the novelties introduced by the bill, Minister Dodon has said the new law covers all types of real estate, no matter its purpose. The law also stipulates the form and content of the mortgage agreement, as well as the obligation to establish the value of the mortgaged property by an assessor. Depending on operators, the mortgage market will be supervised by the National Bank when banks act as mortgagees, and the National Commission for the Financial Market in the case of other players on the market.

Advertising

The Parliament on May 16, 2008, passed in second reading amendments to the Tax Code concerning taxes on advertising placement.

Whereas in first reading the Parliament considered an increase in the tax on

advertising, upon the proposal of the parliamentary commission for culture, sciences, education, youth and sports, the tax on placing advertisement, except for the banners placed along road protection strips outside residential areas, have remained to be 500 lei per annum for each square meter of advertising space.

At the same time, the proposal of the commission to differentiate ad taxes for Chisinau and the rest of the country was rejected.

The tax will be payable quarterly, in equal installments, until the last day of the next month of each quarter.

Investment

The National Commission for the Financial Market (CNPF) in June will propose to public debate the draft Law on Collective Investment. The bill aims to institute investment trusts that will collect available funds from the citizens for the purpose of acting as a collective investment.

The CNF officials assert that investment funds will be built on new principles, according to European standards. Investment funds are structures which in civilized economies proved to be a good alternative to the banking system. In some countries these organizations bring greater profits to investors than savings accounts to depositors.

In Moldova's early privatization stage following the collapse of the USSR, there were created 32 investment funds, with a total number of 1.5 million shareholders. For various reasons, 26 of these are now undergoing liquidation procedures. Other six have been reorganized into joint stock companies.

Banking

On May 16, 2008, the Legislature adopted the Law on the Amendment and Completion of Legislative Acts, operating amendments to the Law on Financial Institutions and the Law on National Bank of Moldova (NBM) in order to adjust them to the concepts of the national legislation and international standards. These are some of the most important modifications: The Parliament has eliminated the confusions which occurred in the definition of "financial institution" (in relation to that of the "bank"). The new variant of the Law on the NBM establishes that non-banking financial institutions can accept deposits only from legal entities (deposits from

individuals can be operated only by banks). Another amendment relates to the substitution of the notion "authorization" in a range of articles with that of "license" in order to adjust them to the terminology of the Law on Licensing Certain Activities. According to the legislation in force, the activity of entrepreneurship can be suspended by the decision of the court. Given the contradiction of this rule with the general international standards concerning the activity of banks and banking control bodies, the amendments stipulate that in case that it is established that the bank, its owners or managers have violated the Law on Financial institutions or the NBM regulations, authorization conditions or other obligations, performed risky or illegitimate operations etc., NBM as a regulation and supervision body is entitled to limit or suspend any activity of the bank or withdraw the authorization without appealing to the court (except for the case of bankruptcy). Therefore, the NBM is independent from other state bodies (even the court) in imposing sanctions and prevention measures, because banks, as the developers of the amendment put it, can not be treated as all the other companies, given the risks associated to their activity. At the same time, NBM authorizes, regulates and supervises the activity of currency exchange units which have a major influence on the national currency market. Therefore, in order to ensure the safe, transparent and balanced functioning of the internal currency market, NBM is to have the necessary mechanisms in this direction, including the possibility to implement immediate measures and sanctions without addressing the court.

For more information about recently passed and reviewed legislation in The Republic of Moldova please visit www.parliament.md

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Compulsory Reserves for Commercial Banks to be Increased

The National Bank of Moldova has decided to increase the minimal compulsory reserves of the commercial banks from 16% up to 22%.

The Board of Directors of the National Bank of Moldova, in its meeting on May 23, 2008, decided to increase by 1.5 percentage points the basic rate applied to the main operations of the NBM monetary policy. At the same time, the decision to gradually increase by 6.0 percentage points the norm of the compulsory reserves from both the means attracted by the banks in MDL and in unconvertible foreign exchange, and in convertible foreign exchange, was taken.

According to the data of the National Bureau of Statistics, in April 2008 the consumption prices increased by 1.6% against March, and from the beginning of the year they increased by 5.8%. The annual inflation rate reached 16.2%.

The prominent growth of the consumption prices was determined mainly by the secondary effects of the unfavorable climate conditions in 2007, which led to the reduction of the supply and, as a result, to the increase of the foodstuff prices.

Another issue is the increase of the energy tariffs, which in April 2008 had an essential influence on the increase of the tariffs for such services as passenger transport, tourism and excursions. At the same time, the persistence of excessive liquidity on the internal financial market, the high level of inflation in the region as well as the prominent inflation expectations of the population and enterprises have all influenced on the price developments.

The firm management of the liquidity on the monetary market by the National Bank is aimed to reduce the inflation pressures and to bring the inflation within the set out limits. In the conditions of a clear downward trend for the inflation, the increase of the basic rate and compulsory reserve norm may be re-examined.

source: www.bnm.md

news news

Moldovan Industry Grows 7.2% in First Trimester	prominent than over the previous months. The National Bureau of Statistics (NBS) announced on Friday, May 23, that the industrial enterprises of all types of ownership manufactured	products worth 8,966.6 mln lei in current prices, by 7.2% more in comparable prices against the similar period of last year. While in January-March 2008, the industry upped by 7.7%.
Moldovan industry sticks to the upward trend even if in January-April 2008 the growth was less		

Gasoline price raised by 4%, and diesel oil price raised by 10% in Moldovan gas stations
On 23 May, the Moldovan gas stations increased the gasoline and diesel oil prices by 4% and 10% respectively. Thus, a liter of A 95 gasoline amounted to 14.81-14.84 lei, and a liter of diesel oil amounted to 15.30-15.35 lei. A98 gasoline price exceeds 15.20 lei, and A 93 gasoline reached to 14.42 lei per liter. This is the fourth fuel price change this year, and the second in May.

Moldova's Working Age Population Decreasing, Reports Survey	of working age were employed. The last report of the National Bureau of Statistics (NBS) on the population shows that the total number of economically active persons was of 1,,2 million people, of which 67,000 were unemployed.	The employment rate of the population aged 15+ (employed people aged 15+/total population of the same age ratio) accounted for 39.4% during the first three months of the year, while in mid 2006, this indicator was 45.0%.
At the end of the first quarter of this year, the working population numbered 1,153.6 thousand people aged 15 and up, almost 13.7% less than in mid 2006, when as many as 1,321 thousand people		

Annual EBRD Meeting held in Kiev

First Deputy Prime Minister, Minister of Economy and Trade, Igor Dodon, took part in the Annual EBRD Meeting held in Kiev, Ukraine, on May 18-20. The EBRD Board of Governors meets annually to exchange information about the investment climate between the member states.

According to the data of the Ministry of Economy and Trade, Moldova became an EBRD member on 5 May 1992 and at present it holds 2,000 shares worth 20 mln euros. The EBRD was founded on 29 May

1990 with a statutory capital of 20 bn euros. As many as 62 countries are shareholders of the Bank.

The main aim of the EBRD work is to provide financial support to transition economies in the CIS, Central and South-East Europe with the emphasis on the promotion of competitiveness of these countries, implementation of the privatization and post-privatization process, development of entrepreneurship.

In 2007, the EBRD provided Moldova with loans in the amount of 36 mln euros for seven projects, most of which in the private sector.

news news

Assets of the banking system increased by about 9% in four months

The total assets of the Moldovan banking system increased by 8.84% over the first four months of this year, and reached 34.8 bn lei (equivalent of 3.37 bn USD) at the end of April. Compared with the same period of the previous year, the indicator registered an advance of about 36%.

In January-April the biggest increase of the banking indicators was registered in terms of loans. According to the recent data of the National Bank of Moldova, at the end of April the balance account of the loans of the banking system increased by over 11% against 31 December 2007 and exceeded 23 bn lei (equivalent of 2.23 bn USD). At the same time, against the similar period of the previous year, the increase amounted to over 51%.

news news

Moldova, Japan Sign Technical Cooperation Agreement

On May 14, the Agreement on Technical Cooperation between the Government of Moldova and the Government of Japan was signed in Chisinau.

The agreement aims to strengthen further the mutual technical cooperation between the two countries and provides measures for development of such types of technical cooperation as dispatch of Japanese experts, and acceptance of Moldovan trainees by Japan.

According to official information, so far Japan offered Moldova technical assistance in the amount of 67 mln USD and loans in the amount of 48.2 mln USD.

The source and credit of the economic news reported on pages 21 and 22 of this publication came from Basa Press.

State budget Revenues Amount to 4.5 Billion in First Part of 2008

The revenues to the state budget accumulated in January-April 2008 amounted to 4.5 billion lei and exceeded by 10.7% the indicators foreseen for this period. Against the first four months of the last

year, they increased by 12.2%, data of the Ministry of Finance show. According to the same source, in January-April 2008, payments totaling 5 billion lei were carried out on the account of the state budget, which is 23.4% more than in January-April 2007, and thus, by about 500 mln lei more

than the volume of accumulated revenues. The state budget for 2008 provides for revenues of 14 billion lei, by 21.3% up against the one approved for 2007, expenditures of 14 billion 881.7 mln lei and a deficit of 223.7 million lei.

news news news news news news news news news news news news news news news news news news news news

Government approved Model Regulation for operation of industrial parks

The parks will be established for a minimal period of 15 years and a maximum period of 50 years with the possibility to extend this period by maximum 20 years, and on surfaces of at least 5 ha. The initiators of such economic units may be both heads of central, local and specialized public authorities and those of state and municipal enterprises. Thus, the state wants to obtain a revival and better management of public property in the industrial production sector and attract investments, including foreign ones, in the territories outside the cities with developed industries.

The industrial parks differ from the Free Entrepreneurial Zones by the fact that their residents will not benefit from tax facilities. In exchange, the state obliges them to establish with their own forces all the infrastructure required for their operation.



InfoHub *SPECIALTY TRAVEL GUIDE*

The Team

InfoHub is wholly owned and operated by American businessmen and operates the largest specialty travel portal on the internet, offering over 20,000 out-of-the-ordinary vacations to more than 150 worldwide destinations. InfoHub has been a leading member of the business community in Moldova since 2004.

Mission Statement

At InfoHub, the belief is that vacation travel should be much more than just flying to a tropical beach. Since 1996, InfoHub has worked hard to offer its clients the largest specialty travel portal on the Internet. Today, you can find over 20,000 specialty trips on InfoHub.com, covering activities from Artist Workshops to Yoga Retreats. Whatever your special interest is, you can find it with InfoHub! Plus trips you never even knew existed! The company is continuously expanding the exciting array of travel options available by adding hundreds of out-of-the-ordinary trips every week! The company's goal: "o make Infohub.com the Ultimate Source of Inspiring Travel Ideas" for your next dream trip.

Global Presence

InfoHub has over 5,000 partners in 120 countries, over 700 retail travel agencies partners, over 300 publisher affiliates, and clients from the Americas, Europe, Asia, Australia, Africa, and Middle East.

Industry Leadership

InfoHub is the largest special interest travel website on the

internet with over 20,000 truly unique vacations on all seven continents including Antarctica and other adventurous destinations. InfoHub offers over 100 special interest activities. Vacation types include adventure, outdoor, sport, culture, learning, wildlife & ecotourism, spiritual, hobby, affinity, etc.

The Buzz About InfoHub

"Outstanding variety of activities – that most people wouldn't even know existed – explained in great detail."

-Forbes Magazine



Services

InfoHub.com offers a free monthly newsletter containing the latest discount offers and more. Go to www.infohub.com to sign up now.

InfoHub has a Travel Forum that contains over 92 pages of unique travel stories. Here you will read some of the best, most captivating and humorous travel experiences, shared by your fellow travelers.

Prepare for your next adventure with a Travel IQ Quiz. Choose from popular quizzes or select from one or more of the 12 categories to create your own quiz.

InfoHub offers a wide variety of not so common vacations, trips and tours to satisfy almost any rugged adventurer's fantasies. For

example, a hiking voyage across the Antarctic Peninsula or learning Arabic at the Center for Arabic Language and Eastern Studies in Yemen. Naturist, Hunting, Rafting, Diving, and Golf packages are offered in 12 different regions of the world.

4 Things You Didn't Know About InfoHub

1. The company was incorporated in October 1996.
2. InfoHub is a privately held company.
3. InfoHub's headquarters are located in Silicon Valley, California.
4. Infohub.com serves more than one million visitors a month.

Direct Link to Supplier

InfoHub is in the business of providing a wealth of specialty travel information and connect its clients to the supplier who can make their dream vacation come true. By connecting its clients directly to the supplier, they get the best price and service directly from the source.



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INTERVIEW WITH MR. JIM ZHU, PRESIDENT, INFOHUB

Q: InfoHub has been a member of AmCham for almost a year, and within AmCham many members know what your company does. However, for the readers that are not members of AmCham, could you please tell us a little bit about InfoHub and its products and services?

A: InfoHub operates the largest special interest portal on the Internet (www.infohub.com) that provides advertising to over 5,000 travel companies from over 120 countries. It features, among other things, some truly unique and out-of-the-ordinary trips covering activities from artist workshops to yoga retreats. Whatever your special interest is, you can find it at InfoHub.com, plus the trips you have never thought even existed. InfoHub is headquartered in the Silicon Valley, USA, and has been in business since 1996; our Moldovan office was opened in August 2004.

Q: Over the past five or so years we have seen the amount of Moldovans working abroad increase very rapidly. In your opinion, what can the private sector do to attract the high quality and well trained employees that often leave the country for the European Union or elsewhere?

A: I believe the best way to keep Moldovan people from seeking work abroad is to create a vibrant economy here in Moldova. If you visit the Silicon Valley today, you will hear people talking

about “Reverse Migration” which refers to the phenomenon of western-educated Chinese and Indian professionals leaving their well-paid jobs in the US for opportunities in China and India. Why? Because the booming economies of these countries create lots of lucrative opportunities for the well-trained and highly-skilled professionals, the same group of workers Moldova would want to keep, so they are now moving back to their native countries to take advantage of the opportunities back home.

Ultimately, the job of creating a vibrant economy lies in the hands of the private sector, so I think the private sector owns a key to this problem although the government also has a significant role to play here too. Overall, I am optimistic about Moldova’s future. The country has enjoyed a decent economic growth over the past few years. As long as the uptrend continues, I believe one day Moldova will see a reverse migration too.

Q: Could you please tell us about some of the challenges that you have faced while doing business in Moldova and how you were able to overcome?

A: The most common issue we face everyday is finding and keeping good employees. In our case, since many of our employees are students, there is a high turnover ratio among our staff. For example, a student may leave us because he/she has decided to do a master’s degree in another

country or go to the U.S under the Work and Travel Program. We try to remain visible in all of Moldova’s major universities so as to maintain a constant supply of new job applications. It is also important to have a good training program in place to cope with the high employee turnover.

Q: There is one time of year that Moldova gets its fair share of tourists – The International Wine Festival Weekend each October. Recently there has been a push to develop more tourism, especially in rural areas of the country. As a travel expert, do you believe that Moldova has the potential to be a destination for tourists?

A: Yes, I do. However there is a lack of marketing, due to which there are not that many people outside Moldova who have ever heard about it. It is a real pity since Moldova offers a number of excellent tourist attractions, such as wine tasting and farm stays. I think Moldova should learn more from countries like Armenia and Montenegro, both aggressive in terms of marketing their tourism resource through international media such as BBC and CNN. I believe that Moldova needs to increase its brand awareness as the first step to attract more tourists into the country.

51,100,000

The number of tourists that went to America in 2006 - the third most visited country on Earth.

Presidential Politics

A look at the Democratic and Republican Nominees for the Presidency

Every four years (although the campaigns commence earlier and earlier every season) the United States gears up for a presidential election. The two party election starts with a “primary.” The primary takes place before the general election. During the primary election, each party fields candidates that compete for votes. The timing and rules of the elections depend on the state. After one candidate becomes a winner, the party officially nominates him or her and the general election campaigning begins. The general election (the Tuesday after the first Monday in No-

vember – November 4th this year) usually determines the outcome of the Electoral College. Each state makes its own rules, but usually if a candidate wins a state, all of the electoral votes (based on the number of congressmen in the state) go to the winner. This result sometimes skews candidates to campaign for electoral votes instead of popular votes.

During the primary elections, the voters and other observers start to see differences among the candidates. Even though the potential presidents make promises, actually implement-

ing them once in office becomes difficult as they must work with Congress and balance the duties of being the head of state. Several critics have noted that all of the candidates have questions remaining about financing their campaign promises – both tax cuts and entitlement programs. Let’s take a look at the three potential contenders – Hillary Clinton, John McCain, and Barack Obama. The campaign websites for each of the candidates provides lots of additional information. The lists below are condensed in an effort to present relevant information.

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Democratic Party Presidential Nominee



Barack Obama

Senator Obama was born in 1961, making him the youngest of the presidential contenders. His Federal government experience includes one term as a U.S. Senator. He graduated from Harvard Law School. After teaching and volunteering in the Chicago area, he served in the state legislature before becoming a Senator.

Foreign Policy

1. End the war in Iraq (Senator Obama is the only remaining candidate who did not vote for the use of force in Iraq, although he was not a Senator at the time).
 - a. Pledges to remove all combat troops within 16 months
 - b. Appeal to the United Nations for intervention

2. Pressure Iran through diplomacy to drop its nuclear program.
3. Engage in diplomacy with enemies and allies of the United States.

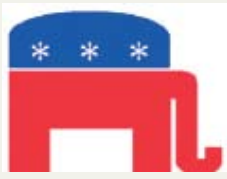
Economic Policy

1. Reduce the average middle class tax liability by \$1,000 per family, on average.
2. Suggests reevaluating the terms of the North American Free Trade Act and the Central American Free Trade Agreement to make international trade more “fair.”
3. Raise the minimum wage (indexed to the cost of living).
4. Expand taxation of the wealthiest Americans.

Domestic/Other Issues

1. Expanded health care coverage made possible through a Federal subsidy to poor families and supports insurance portability.
2. Proposes reforming No Child Left Behind and implementing teacher merit pay. Advocates a \$4,000 tax credit for attending a University.
3. Suggests a 100% auctioned cap and trade system to reduce greenhouse emissions. The proceeds would finance an alternative energy research program. Additionally, Mr. Obama proposes increasing fuel efficiency standards by 35%, on average.

Republican Party Presidential Nominee



John McCain

Senator McCain, of Arizona, was born in 1936. He has served two terms as in the U.S. House of Representatives and four terms as a U.S. Senator. McCain lost the primary election in 2000 to George W. Bush. Senator McCain was a prisoner of war during the Vietnam War.

Foreign Policy

1. No timetable for pulling out of Iraq. Suggests that Iraq must be a stable democracy before withdrawing.
2. Recommends enlarging the U.S. military.
3. Supports the missile defense program.

Economy

1. Institute a summer gasoline tax holiday (estimates of savings range from \$30-\$70 for an average family).
2. Repeal the Alternative Minimum Tax.
3. Cut the corporate tax rate from 35% to 25%.
4. Reduce “pork barrel” (lobbyist) spending in order to fund tax cuts.
5. Expand international trade through multilateral and bilateral discussions and reductions in barriers to trade.

Other Issues

1. Advocates a mixed system of national health care. In addition to a tax credit of \$2,500 for individuals, he outlines a plan for each state to adopt a hybrid system to support citizens that may have difficulty acquiring insurance. Senator McCain also suggests lowering health care costs through increased competition.
2. Proposes a voucher program for public education.
3. Intends to implement a Cap and Trade system of carbon emission reductions based on a partially funded auction of polluting rights.

Overview of the Republican Party

The Republican Party is one of the two major contemporary political parties in the United States of America, along with the Democratic Party. It is often referred to as the Grand Old Party or the GOP.

Founded in 1854 by anti-slavery expansion activists and modernizers, the Republican Party rose to prominence with the election of Abraham Lincoln, the first Republican president. The party presided over the American Civil War and Reconstruction and was harried by internal factions and scandals toward the end of the 19th century. Today, the Republican Party supports a conservative platform (as far as American politics are concerned), with further foundations in economic liberalism, fiscal conservatism, and social conservatism.



Overview of the Democratic Party

The Democratic Party is one of two major political parties in the United States, the other being the Republican Party. It is the oldest political party in the United States.

The Democratic Party traces its origins to the Democratic-Republican Party, founded by Thomas Jefferson, James Madison, and other influential opponents of the Federalists in 1792. Since the division of the Republican Party in the election of 1912, it has consistently positioned itself to the left of the Republican Party in economic as well as social matters. The economically left-leaning activist philosophy of Franklin D. Roosevelt, which has strongly influenced American liberalism, has shaped much of the party’s economic agenda since 1932.



APRIL BUSINESS NETWORKING EVENT

AmCham organized a Business and Networking event on Thursday, April 10. The event was held at Casa Vinului.

Our special guests Newport University and AIESEC made presentations and Human Resources and Education were discussed in an interactive panel discussion.

A surprise raffle/lottery was hosted by AmCham Moldova. Three AmCham members provided prizes for the surprise raffle/lottery. The prizes and winners were as follows:

Prize 1: Five "Classic" Visa Debit Cards with special conditions (no annual fee, no administrative fees, and no minimum balance requirement) were offered by Moldova Agroindbank.

Prize 1 winners: Marina Ponetovski, Conrad Fritsch, Andrei Suruceanu, Yusuf Baykan, and Oxana Jantoan.

Prize 2: One bottle of Carlevana Merlot, offered by Dionysos-Mereni.

Prize 2 winner: Alexander Fridman

Prize 3: Free of charge connection to a corporate package plus 1 year free of charge communication in the company closed users group, offered by Moldcell.

Prize 3 winners: Dorin Recean, Sergiu Matei, Catalin Giosan

Following the raffle/lottery Dionysos-Mereni provided a wine tasting event to AmCham Members and guests and a great variety of wines to the tasting.

Thank you to all of our sponsors and guests that attended the event.

MAY SOCIAL MEMBER EVENT

AmCham hosted a social member event on Thursday, May 29. The event took place at the Family Golf Center in Chisinau.

The event was focused around playing miniature golf and many of members and special guests joined us on the links.

Many thanks to all those who participated in this fun event.



2008 AMCHAM GENERAL SPONSORS



A very special thank you from AmCham to all of our 2008 General Sponsors.

Your continued support has helped AmCham become what it is today.

MEMORIAL DAY

Private businesses in USA often observe only the “big six” holidays: New Year’s Day, Memorial Day, Independence Day, Labor Day, Thanksgiving, and Christmas.

Memorial Day is a United States Federal Holiday that is observed on the last Monday of May. In 2008, Memorial Day was observed in the United States on May 26.

Formerly, this day was known as Decoration Day. This holiday commemorates U.S. men and women who have died in military service to their country. It began first to honor Union soldiers who died during the American Civil War. After World War I, it was expanded to include those who died in any war or military action.

Many people observe this holiday by visiting cemeteries and memorials. A national moment of remembrance takes place at 3 p.m. US Eastern time. Another tradition is to fly the U.S. flag at half-staff from dawn until noon local time. Volunteers place a U.S. flag upon

each gravesite located in a National Cemetery.

In addition to remembrance, Memorial Day is also a time for picnics, family gatherings, and sporting events. Some Americans also view Memorial Day as the unofficial beginning of summer because many schools are dismissed around Memorial Day.

Some Americans use Memorial Day to also honor any family members who have died, not just servicemen.

One of the longest standing traditions is the running of the Indianapolis 500, which has been held in conjunction with Memorial Day since 1911.

The national “Click It Or Ticket” campaign ramps up beginning Memorial Day weekend, noting the beginning of the most dangerous season for auto accidents and other safety related incidents. The USAF “101 Critical days of summer” begins on this day as well.



VICTORY DAY

In 2008, May 9 marked the 63rd anniversary of Victory Day.

As its name suggests, Victory Day, was intended originally to celebrate the Soviet victory over fascism. It is celebrated on this day in most of the successor states to the Soviet Union - Moldova being among them - to remember those who took part in the greatest conflict in history and those who sacrificed their lives in the Red Army. On this day, flowers are laid on their graves and veterans that are alive go out on the streets wearing their medals and orders. There are few of them left nowadays and the number is getting

smaller every year. Other senior citizens who did not fight during the war had to work in factories to make guns and preparations, which wasn't easier than fighting. They too are honored on Victory Day.

To celebrate Victory Day the President of Moldova sends congratulations to all the veterans. There are parades, feasts, presents and flowers to give thanks to the people who fought against the fascism. In all the cities there are meetings in which a leader or the mayor of the city gives speeches about the achievement of people in the war and the veterans tell about their adventures in the war.



EARTH DAY

The first ever April 22 Earth Day was held in the United States in 1970 and was the brainchild of Senator Gaylord Nelson, who had long pondered about finding a way to “put the environment into the political ‘limelight’ once and for all” (his words). Since then Earth Day has spread

all over the planet. It is now observed in 175 countries, and coordinated by the nonprofit Earth Day Network, according to whom Earth Day is now “the largest secular holiday in the world, celebrated by more than a half billion people every year.

Earth Day is a perfect time to

reflect about what you are doing to help protect the environment. There are many ways that one can celebrate alone and with others, such as plant trees, make nature crafts, rid litter, cook a special Earth Day meal, ride a bike, and many other activities aimed to keep our planet clean and green.



Stabilitätspakt für Südosteuropa
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Südost-Medienagentur, e.K.
Wiener Str. 5, 28359 Bremen, Germany
www.suedost-medienagentur.de

Südost-Medienagentur would like to bring to your attention:

Educational training for young TV journalists

“Südost-Medienagentur” is a private TV production company with a main office in Bremen, Germany. We would like to invite ten young journalists from Moldova to a 3-month educational training in TV journalism. Our course will focus on the acquisition/perfection of practical TV skills. This training is sponsored by the Stability Pact for South Eastern Europe in Germany.

General training description:

The first two months of the course (September – October) will be conducted in Chişinău, Moldova. The participants will concentrate on studying the journalistic and technical aspects of TV reports production.

In November all students will produce independently a short TV feature.

Finally the course will end in the beginning of December with a public screening of all TV features, produced during the course.

All applicants should meet the following requirements, in order to be considered for the training:

*University degree
Good English knowledge
TV journalist background
Age - Must be 30 years old or younger*

The course will begin on September 1, 2008, in Chişinău.

Please send your application forms until June 30, 2008, to the following e-mail addresses:

info@suedost-medienagentur.de and

suedostmold@gmail.com

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2008 4th of July Celebration

AmCham is pleased to announce the annual
4th of July Celebration

Date: Saturday, July 5, 2008

Location: Niagara Fitness, Sculeni

Time: 15:00 - 22:00

This year's 4th of July Celebration will be organized in cooperation with the U.S. Embassy Alumni Association and the U.S. Embassy.

We encourage all AmCham Members, Members of the U.S. Embassy Alumni Association, Peace Corps Volunteers, Moldovan Nationals, and American Expats to attend the party.

This is a family event and all children under 12 get in free of charge. Food, contests, and entertainment will be included in the price of the tickets and there will be a fireworks display to end the evening.

Contact Trent Blakely at 681.55.575 or trentblakely@amcham.md
for more information including how to get your tickets today

We look forward to seeing you there!



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Questions or Comments?

Please feel free to contact us.