

November/December  
2009

# Business Review

A publication of the American Chamber of Commerce in Moldova

fighting for your business

## Focus on Quality:

Reputation Management: The Very Contemporary Key Business  
Tool for Companies



Roadmap for the Development  
of Moldova's Business and  
Economic Climate

Business  
Visa Program

Interview with  
George Teodorescu,  
Vernon David

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# WELCOME TO AMCHAM NEWEST MEMBERS



## “JTInternational Luxembourg” S.A

“JTInternational Luxembourg” S.A representative in Moldova is the international tobacco division of Japan Tobacco Inc., the third largest tobacco company in the world, with a global market share of 11% and market capitalization of approximately USD 32 billion. JTI is headquartered in Geneva, Switzerland, employing 22,000 people around the world.

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## Schoenherr Attorneys at Law

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## Millennium Group

### Millennium Group

Millennium Group manages a group of diversified companies active in the fields of agricultural processing, passenger transportation, warehousing and logistics, construction materials production, metal constructions for industrial applications, and real estate management. All our companies value social development and aim for a growing contribution to the communities.

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## AMCHAM MOLDOVA'S INVESTMENT IN THE FUTURE OF MOLDOVA: "EVERY CHILD MATTERS" SOCIAL PROJECT



current year, when after the lotto tickets' selling an amount of 9700 MDL was gathered.

"The reasoning of this Project came from the poor and unsatisfactory conditions existing in the maternities at the moment. Lack of hot water, inappropriate windows and doors, absence of lavatory, and other important facilities, present risk for health and make the mother and child staying unhappy. We promote a social responsible business and for this purpose we look to contribute at improving the main problems the Moldovan society has', said Mila Malairau, AmCham Executive Director.

The Social project "Every Child Matters" was launched on the 4th of July, 2009, its concept belongs to the AmCham Corporate Social Responsibility Committee.

Striving for improving the quality of life and poverty reduction, AmCham CSR Committee believes that one of the main destinations to focus its philanthropic efforts should be the life cradle.

The aim of the "Every Child Matters" project is to renovate the post-natal rooms of the maternity hospitals from Chisinau. The first location to start with was at the „Centrul Mamei si a Copilului" maternity, where mothers from all over the country are served around the year.

The post-natal room at the "Centrul Mamei si a Copilului" maternity was renovated completely, including the installation of the new sanitary equipment. The total value of the works amounts up to 70000-00 MDL. All these actions were fulfilled due to the generous financial support of AmCham members: BRITISH AMERICAN TOBACCO, EURASIA FOUNDATION, INFOHUB, MOLDCCELL, MOLDOVA AGROINDBANK, RED UNION FENOSA, SUN COMMUNICATIONS.

A contribution to this project had the Charity Lottery, organized on the occasion of the USA Independency Day celebration during



## PHILIP MORRIS MANAGEMENT SERVICES: Contest on Development of the Business-Case

For the first time in Moldova The Business Class Magazine, in partnership with "PHILIP MORRIS MANAGEMENT SERVICES B.V." Representative Office in the Republic of Moldova, announces the Contest on Development of the Business-Case "Effective Communication".

A large-scale international business operating on the territory of the Republic of Moldova is used as the basis for the business-case task. The participants are provided with some initial reference data and are requested to analyze the communication environment and propose their own strategy for the company's PR Service.

All interested people, above 18 years old – the students of the Marketing, Communication and PR, as well as the professionals in the related areas – can participate and present the business-cases. The Contest is held from December 1st 2009 through January 31st 2010.

The Winners will be awarded with the valuable prizes: Notebook, iPhone, photo-camera.

For more information on the Contest terms and other details, please, refer to [www.businessclass.md](http://www.businessclass.md) , or the December 2009' issue of the Business Class Magazine.

# Internship Program

In November a new component supplemented the activity of AmCham's CSR Committee.

This new project is known as the "Internship Program" and is aimed at facilitating the dialogue between students and companies. Thus, it is offering students the possibility to gain experience, to implement theory in practice, and as a result accumulate practical knowledge within the company.

Each participating company has the possibility to choose the type of Internship it is ready to offer to the students. The available options are: 2 months Internships (according to the University requirements), Info day (one day training within the company), Induction week (one week training) or Coaching for the Annual Thesis.

## INFO DAYS

Being a complex project, the Internship program includes another part that is the "InfoDays" series, organized in co-operation with the Academy of Economic Studies of Moldova. These series are weekly presentations held by AmCham members in order to increase the cooperation between business companies and students representing young professionals. We strongly believe that the project will have a good impact on the professional development of the students whose big problem after the university graduation is the lack of practical skills that are the main requirements the employers look for when hiring a potential candidate for a particular position within the company.

So far, CNFAMoldova, Orange, British American Tobacco and KPMG Moldova have participated within the InfoDays series and provided the students an excellent understanding of the business activity in our country as well as the strategies the companies implement in order to succeed on the market.

We warmly welcome AmCham members to participate in this program. Taking part in this program will increase the company's commitment to investing in people.



## AmCham Moldova continues the tradition of offering cheerful winter holidays to children in orphanage

CHISINAU, DECEMBER 24, 2009. This year American Chamber of Commerce in Moldova (AmCham Moldova), in collaboration with DHL Moldova, delivered gifts to the children from the Orphanage School in Orhei city. „With the occasion of winter holidays, AmCham members, by their charity gesture, are intending to bring light and happiness in the hearts of these children, who as all other children, are waiting from us, the adults, support and warmth” stated Mila Malairau, Executive Director of AmCham.

Among the companies taking part in this charitable act to be mentioned are British American Tobacco, Deloitte, East-European

Foundation, Fincombank, Foto Rapid, Indigo Ogilvy, Moldauditing, Moldcell, Moldova Agroindbank, PricewaterhouseCoopers, RED Union Fenosa, Turcan&Turcan Law Firm.

There are more than 230 children at the Orphanage School in Orhei. AmCham members have offered them many gifts, such as toys, books, clothes, sweets, sport equipment, office equipment, and photo cameras etc. Becoming already a tradition, the Christmas Collection Project has been launched by AmCham Moldova in 2007, enjoying a high degree of receptivity from its members.

# PayWell 2009: Does the economic crisis affect the remuneration process?

PwC Moldova in collaboration with AmCham organised on 16 November 2009 a workshop "The reaction of the labour market within the frame of the downturn" with representatives of more than 30 companies.

The "human factor" gains a major importance in the development of any company. However, taking into account the cost-cutting strategies adopted by businesses within the frame of the global economic downturn, the current approach to salary and remuneration-related policy in the market is varied and even contradictory. Thus, we strongly believe that today more than ever, questions previously addressed by the Companies' management become more actual and strategic, namely:

- Which are the forecasts of changes in the number of employees - maintenance vs. reducing of staff?
- Which are the competitors' salary forecasts in the current economic situation?
- To offer performance bonuses and certain benefits to employees or not?
- How to motivate and maintain "key people"?
- Will the companies' reputation be affected by the undertaken measures in HR area?

It seems to be obvious the salary and remuneration review should be performed based on an adequate knowledge of the market's salary system at a specific point in time. Correspondingly, PricewaterhouseCoopers for the third consecutive year has recently launched the 2009 edition of the PayWell Moldova Salary and Benefits Survey - a tool that comes to offer solutions and interesting approaches in this respect. The survey analyzes and compares salary and benefits strategy systems of the major companies active on the Moldovan market, such as Orange, Moldcell, Endava, Efes Vitanta, Coca Cola, Sudzucker, Nestle, GlaxoSmith-Kline, Mary Kay, Trigor and summarizes a total number of 2,000 employees and 170 analyzed positions.

PayWell Moldova 2009 is recognized as a useful tool in attracting and motivating employees by company's management and allows HR professionals to develop competitive policies for their employees, considering the existing market challenges.

The Survey will give you information on following:

1. Salary data:
  - Statistics on monthly base salary (mean median, lower and upper quartiles, 5 and 95 percentiles).
  - Statistics on annual fixed income (includes fixed bonuses) and annual total income (includes all bonuses).
  - Information on the number of job holders and companies that provided the information on each position.
  - Information related to main benefits offered calculated as a percentage of job holders that receive the benefit.
2. Compensation and Benefits policies:
  - compensation policies section, providing information on

wage policies, employment relations, salary negotiation, salary increase, fix and variable compensation, holiday policy, retention programs and relocation packages.

- benefits systems section, providing information on the benefits offered by staff category, usage policy and costs.

PayWell Moldova 2009 supports to implement new and valuable solutions on the compensation and benefits systems.

## Business Visa Program

AmCham Moldova is pleased to announce a new achievement to serve your business!

### Overview of the Program

The Business Visa Program (BVP) was designed to support the bilateral trade and investment between the United States of America and the Republic of Moldova, and to facilitate visa processing for business travelers while, in the same time, maintaining the highest visa security standards possible.

This program is open for business travel for AmCham Members' full-time employees and immediate family members who are accompanying an employee on a business trip. Travel may be for a specific upcoming event or possible future business related travel. The program is also open for tourist travel, but only for high executives of AmCham Moldova Member Companies and their immediate family. Non-Executives working for an AmCham Moldova member company planning to travel for personal reasons should apply for a tourist visa via the normal application procedure. Companies may not submit visa applications for clients, business associates, customers, friends, domestic servants, or other relatives, etc. The Consular Department encourages companies to plan ahead and to obtain visas in advance for staff who may have a future need to travel.

To qualify for the BVP, the traveler must present at the time of the interview a letter from their company on company letterhead that clearly states how long they have worked at the company, their position within the company, their salary, specific travel dates and purpose of travel. The business visa (B1 visa) is available for anyone wishing to go to the United States temporarily to engage in commercial transactions, negotiate contracts, conduct litigation, consult with business associates, participate in scientific, educational, professional or business conventions, conferences, or seminars, etc. Gainful employment in the U.S. is generally not allowed on a B1 visa. If the employee is going to the U.S. to conduct warranty repair or service work, he must submit at the time of the interview a copy of the original sales contract that includes the repair/service clause. Individual applicants of BVP companies will still have to demonstrate at the time of the interview that they have strong social, professional, and economic ties that would compel their return to Moldova after a brief non-working visit, like all non-immigrant visa applicants. We cannot guarantee approval of visas before the interview.

Employees of Member Companies will have access to special appointment block on Wednesday: 2.00-4.00 PM and Friday: 9.00-11.00 AM of each week. The wait time for appointments will be significantly reduced and visa applications can be processed faster and more accurately.

There is no additional fee for this program.

### Eligible Companies

To qualify for the program the Company must be a member in

good standing of the American Chamber of Commerce in Moldova.

## How to Participate in the Program

AmCham Moldova Members interested to participate in this program must submit a sample letter on their letterhead with two signatories stating they are the authorized signatories for the company and provide this sample letter to the AmCham Office which will be further submitted to the US Embassy Consular Department (see attachment A). The original of this letter will be held by the U.S. Embassy Consular Department as verification of the company's participation in the Business Visa Program.

Additionally, at the time of visa application for travel, the Company must provide each employee that intends to travel to the United States with a letter, on the Company letterhead, stating how long they have worked for the company and in what position, the employee's salary and outline the specific travel dates and purpose of travel (see attachment B).

## How to Schedule an Appointment

1. Business Visa Program appointments are available every Wednesday, starting at 2.00 PM and Friday, starting at 9:00. 5 appointments a day will be available.
2. AmCham Moldova Member Companies' employees, applying for a visa, should contact AmCham office at + (373 22) 211-781 or + (373 22) 211-782 to schedule an appointment with the U.S. Embassy Consular Department.
3. The Consular Department will check the Company against the member list and schedule the next available appointment.
4. Applicants from AmCham Moldova member companies are still welcome to schedule an appointment using the normal method if they prefer.

## Requirements for the Individual Applicant at the Time of the Interview

1. Bring a letter from their employer on company letterhead stating how long they have worked for the company and in what position, their salary and the specific dates and purpose of their travel.
2. Demonstrate compelling social, economic, and professional reasons to return to Moldova after a temporary non-working visit in the U.S.
3. Comply with all other requirements of non-immigrant visa applicants.

# AmCham Moldova launches the Roadmap for the Development of Moldova's Business and Economic Climate

## CHISINAU, DECEMBER 9, 2009. American Chamber of Commerce in Moldova launches the Roadmap for the Development of Moldova's Business and Economic Climate.

The publication comprises a set of recommendations aimed to foster the improvement of Moldova's economic environment to the benefit of both –business community and civil society.

The Roadmap for the Development of Moldova's Business and Economic Climate (hereinafter – „Roadmap”) includes recommendations regarding the promotion of domestic and foreign investments, the establishment and promotion of strategic sectors of Moldovan economy, the development of human capital and the reform of the Labor Code, agricultural reform, the development of infrastructure within information and communications technology sector, as well as energy sector, trade reform, tax reform, and some measures to combat corruption.

“Our intention is not simply to present requests for what the Moldovan Government can do to improve conditions in the business sector, but rather to launch a dialogue between the Moldovan Government and AmCham Members to outline what can be done collectively in order to achieve the full benefit of Moldova's potential to grow and develop”, has stated John Maxemchuk, the President of AmCham Moldova.

AmCham Moldova feels that the private sector is in a strong position to share the effort necessary to design the future directions for Moldova's development, and to take a collaborative role in the implementation of an economic development strategy, jointly elaborated by the country's Government and the business community. Moreover, the private sector has the potential to attract new investment to Moldova, to introduce progressive technologies and practices, to employ and train the labor force and to generate the economic and financial value-creation to spur Moldova's economy forward.

Among the AmCham's recommendations for the development of Moldova's business and economic climate there are: implementation of salary-based savings plans, improvement of the tools for financing small and medium enterprises, promotion of follow-on investment, establishment of a State Agency for investment recruitment, implementation of a Home Computing Initiative, modernization of the education curriculum, improvement of conditions for teachers and professors, accreditation of foreign education, implementation of programs for retention of qualified professionals, equal access to state infrastructure, promotion of energy efficiency, recognition of international certification, implementation of policies that will stimulate and reward successful exporters, improvement of tax legislation, a National Initiative to combat corruption, consolidation of the judicial process, as well as other recommendations.

Thus, AmCham is willing to establish a collaborative relationship with the Government of Moldova, and is ready to share its efforts and experience in the process of reform, development and improvement of the business and living climate in the country, by creating a Working Group made up of public sector, private sector and civil society.

To consult the Roadmap for the Development of Moldova's Business and Economic Climate, please visit the AmCham Moldova's web-site: [www.amcham.md](http://www.amcham.md).

# PROSPERITY THROUGH QUALITY



SGS is the world's leading inspection, verification, testing and certification company. Founded in 1878 in Geneva, Switzerland, SGS is now recognized as the global benchmark for the highest standards of expertise, quality and integrity. Our global network and expertise help our clients reduce risk, improve efficiency and ensure compliance to contractual or regulatory requirements in all manufacturing or sourcing.

As a global entity, we employ over 56,000 people and operate a network of more than 1,200 offices and laboratories in 140 countries.

SGS Société Générale de Surveillance began its activity on the territory of the Republic of Moldova in 1995 and during 15 years of its activity SGS Moldova proved to be an organization, able to provide qualitative services in practically all branches of economy and essentially contributing to promotion of Moldavian exports.

SGS Group services aim to add value to enable clients to operate in a simpler, more efficient, more cost-effective, more secure way in every business sector.

## AGRICULTURAL SERVICES

The tasks entrusted to SGS professional agricultural inspectors around the world are increasingly diversified:

1. Services to trade include weighing, sampling, analysis, supervision of loading and discharging, tally, fumigation and guarantees of weight and quality. With its extensive experience in port handling operations, SGS offers services to mitigate many risks that traders face. With its Guaranteed Business Solution, SGS covers discrepancies in weight or quality between loading and discharge. These solutions can be extended to cover marine insurance, rejection of goods at reception or re-infestation of the goods by insects. SGS Moldova inspects quality and quantity of more than 400 thousands MT of cereals annually.
2. Inland Services deliver solutions directly to the production area of Agriculture (Crop Monitoring, Good Agricultural Practice Audits, Field Trials, Soil Fertility Management, Seeds Testing and Research)
3. Supply Chain Services, such as IPP (Identity Preservation Program (IPP) traces specific commodities, e.g. non-GM Soya, from the field it was grown in different countries, up to the processing plant in Europe, and Grading Onsite or Inland Business assists storage and handling companies in extracting maximum benefit from their crop harvest through proper segregation and blending.

## COLLATERAL MANAGEMENT SERVICES

The financial risks in trade are mitigated by securing the lender's security rights over the goods. This right, called a pledge, guarantees the reimbursement of the loan. Through a Collateral Management Agreement, SGS acts as custodian of the pledge on behalf of the lender, usually a bank or financial institution. The goods are released by SGS only upon receipt of the release order from the bank (or lender). The benefit is to ensure availability and physical control of the commodities and to satisfy where it applies some security requirements such as dispossession of the goods from the debtor to a third party. Under certain legislation, CMA services may be regulated by specific disposition of law, such as "warrants" and "certificate of deposits", which SGS satisfies.

SGS Moldova provides collateral management services for Moldavian products credited with dozens of millions USD. This contributes greatly to the attraction of investments in the Republic of Moldova and facilitation of Moldavian exports.



## MINERALS SERVICES

Minerals Services provide support to clients in the greater minerals sector both as strategic partner and technical advisor. Through SGS global network of operations and laboratories, we deliver a broad spectrum of independent services for coal and coke, precious and base metals, steel and steelmaking raw materials, bio-fuels, fertilizers, cement, industrial minerals and diamonds.

SGS annually inspects dozens of thousands tones of coal, metal, cement, etc.

## OIL, GAS AND CHEMICALS SERVICES

As the leading solutions provider for the oil, gas and chemicals sector, our robust technology, innovative approach, technical support and dedication to quality and safety bring you tangible benefits, in both the upstream and downstream sectors.

SGS Moldova inspects imported petroleum products in Giurgiulesti International Free Port and other localities.

## CONSUMER TESTING SERVICES

SGS offers a complete range of services including testing, product inspection, process assessment and technical assistance that work across markets. CTS serves the following markets: softlines (textile, apparel, accessories, home textile, footwear, bags, leather and latex products), hardlines (hardware, automotive parts, house ware, furniture, sporting goods, building products, home improvement, toys, juvenile products, gifts), electrical and electronics (luminaries, audio and visual, household and industrial products, IT, telecommunications), food (animal origin, plant origin, beverages, bakery and meals).

SGS Moldova is also accredited for ORGANIC certification and GlobalGAP certification.

ORGANIC production is an overall system of farm management and food production that combines best environmental practices. The Organic Products Market amounts to 40-45 billion EURO per year. Organic production and certification is regulated by the European Regulations EC 834/2007 & EC 889/2008 on organic production and labeling of organic products. SGS company has certified over 15.000 ha of agricultural lands in the Republic of Moldova and 188.000 ha in foreign countries (Russia, Serbia, Syria, Ukraine, Kazakhstan) with respective "full organic" or "in conversion to organic" certificates.

The scope of GlobalGAP certification currently covers the production of fruit, vegetables, combinable crops, green coffee, tea, flowers and ornamentals, livestock, feed, nursery stock and aquaculture. GlobalGAP has support from major European retailers and growers on a global basis. GlobalGap certification is a unique chance for Moldavian producers to commercialize fresh fruits and vegetables in leading European supermarkets. In 2009 more than 100000 producers from more than 80 states have been certified in GLOBALGAP system, inclusive 8 producers in the Republic of Moldova.

## INDUSTRIAL SERVICES

SGS industrial services provide services related to quality in industry in the following markets: power generation and distribution, process industry, telecommunications, transportation, gas and water treatment and distribution, machinery, pipelines and infrastructure.

SGS Moldova is accredited by the Federal Agency for Technical

Regulation and Metrology (Rostekhnregulirovaniye) (that monitors GOST R system jointly with Federal Customs Service of Russia) to act on its behalf with a wide GOST R accreditation scope including virtually all major consumer, electrical and industrial goods.

Goods exported to Russia are subject to certification of conformity in GOST R certification system, which includes issuance of GOST R Certificate of Conformity, the most common permissive document in Russia testifying that your product meets necessary safety standards.

The Certificate of Conformity is required for customs clearance at the Russian border as well as for sale and / or marketing within the country and it is a powerful marketing tool to capture Russian customer. The GOST R certification system concerns the majority of products sold or/and used in Russia, namely:

- consumer products such as foodstuff, textiles, cosmetics;
- mechanical and electrical goods;
- industrial equipment for food, chemical, oil & gas, construction and other industries.

Prior to the issuance of GOST R Certificate of Conformity for some products, exporters may need to obtain some additional documentation, certificates and licenses; one of them is Sanitary-Epidemiological Conclusion Certificate for products in contact with human body. Obtaining of Sanitary-Epidemiological Conclusion Certificate and GOST R Certificate of Conformity prior to the goods transshipment to Russia is the advantage for Moldavian producers/operators that exclude the customs and other barriers. With the scope of export promotion of Moldavian goods to Russian market SGS Moldova offer consultancy and support in obtaining of Sanitary-Epidemiological Conclusion Certificates.

## SYSTEMS AND SERVICES CERTIFICATION

SGS provides services of certification & audits against management systems standards, audits against clients' own standards, performance improvement solutions & training, including: ISO 9001:2008, Quality management systems – Requirements; ISO 22000:2005 Food safety management systems – Requirements for any organization in the food chain; HACCP Hazard Analysis and Critical Control Point; ISO 14001:2004 Environmental management systems – Requirements with guidance for use; ISO 27001:2005 Information technology – Security techniques – Information security management systems – Requirements; OHSAS 18001 Occupational health and safety management system – Requirements; IFS International Food Standards.

ISO 9001:2008 Quality Management System certification enables our clients to demonstrate its commitment to service quality and customer satisfaction, as well as continuously improving its quality management systems, integrating the realities of a changing world and transforming our client's corporate culture as employees welcome the need for constant improvement;

Nowadays, the number of companies certified by SGS Moldova that comply with the requirements of the standard ISO 9001, ISO 22000, HACCP is over 125 companies or 60% of all the certified companies in the Republic of Moldova.

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General Manager  
"SGS Moldova" SA

# Matching Grant Facility

Every year sees an increasingly competitive environment for Moldova enterprises. This affects both export and the domestic markets. Assured quality is becoming increasingly important both in gaining new and retaining existing customers. The market increasingly sees quality certification, most notably ISO and HACCP as evidence of reliable quality and management. This was recognised by the Government of the Republic of Moldova which established Matching Grant Facility utilising funds from the World Bank, to encourage and assist appropriate enterprises seek and obtain such certification.

## How Much Support?

The Matching Grant Facility has been designed to encourage enterprises to seek certification as soon as possible by reducing the cost to them.

The Facility will reimburse 50% of the cost of appropriate certification and consulting support leading to it.

Eligible expenses will be reimbursed on obtaining certification and submitting a report to the Facility in the required format.

Companies may only apply once for any one particular form of certification. However they may apply for multiple grants for different forms of certification. No one company may receive more than \$ 10,000 in grant assistance.

## Who Qualifies? Eligibility Criteria

- The company will manufacture a product and/or produce tradable service on the territory of Moldova.
- The company is registered and located in Moldova.
- Firms should not be in receipt of financial support from any other source for the activities for which they are seeking support from the Facility.
- Small and Medium scale Enterprises will be the principal beneficiaries, but large companies are not excluded.
- The company will be in a position to finance 100% of all costs until completion of the activity when 50 percent of certification costs will be reimbursed from Matching Grant Facility in accordance with the approved grant.
- The applicant has no overdue payments of taxes and obliga-

tory social payments.

## How to Apply ?

The first stage in applying for assistance under the Matching Grant Facility is to complete the Registration Form.

The Moldova Quality Certification Matching Grant Facility will then contact you and ask you to complete a formal Application Form addressing the reasons for seeking quality certification and its importance to your company.

The Application is a concise, easy to fill document, which will outline:

- Basic information about your company.
- The market you seek to penetrate or retain and the importance of the quality certification for which you seek assistance.
- Estimated costs of preparation of documents for further certification based on quotations from at least three appropriate consulting companies and/or self-employed consultants specialised in the field. Alternatively, you can ask MGFA for indicating available providers of such services and their costs.

You will be advised within four weeks if your application has been successful or not.

If you have any further questions, please contact Anastasia Leanca, Chamber of Commerce and Industry of the Republic of Moldova, tel: 22 33 10, e-mail: [project@chamber.md](mailto:project@chamber.md)

# BIG SUCCESS OF MINERAL WATER

«RESAN» became the first and, to the moment, the only mineral water from Moldova, recognized to completely meet the EU requirements for natural mineral waters.

According to one of the EU Directives, any Producer of mineral natural water from non-EU member states intending to sell its water within EU territory must pass a lengthy and very serious procedure of recognition as “natural mineral water” performed in the EU.

This procedure includes physical, chemical and biological analyses. These are unique analyses that are not carried out in the laboratories of Moldova. This research, including examination of geological and hydro-geological conditions as well as radiological examination of water, were performed by a leading EU Center of science within the field of mineral waters– Institute Fresenius (Germany). One of the most important stages of mineral water examination is definitely the anthropogenic factor impact, as for example the human factor on quality of water and stability of its structure on time.

Upon completion of inquires RESAN’s product has been recognized as natural mineral water “in original state”, or originally pure water. Therefore, numerous parameters of this mineral water correspond to the highly demanding EU norms; for example nitrite and nitrate compounds were not identified. Thus, according to the Institute’s conclusion, “RESAN” is aloud for consumption from the earliest ages.

Currently, RESAN exports mineral water to Romania and the US (Chicago, New York) and is bargaining a deal with Estonia. The company, which already holds a kosher certificate, is also looking forward to begin shipping to Israel once the Giurgulesti terminal will be operating wholly. As the EU mineral water market includes only 3 % of import waters, the presence of the European quality certificate opens doors for RESAN to extend its exports to the EU members as well.

# BDR Associates

A Hill & Knowlton Associate

## Reputation Management: The Very Contemporary Key Business Tool for Companies

Several years ago, it was possible for the marketers to believe that it was enough for their company's reputation to only say things to people about themselves, to offer their customers satisfactory experiences with their products and services, and build their image and reputation their advertising campaigns, press releases and promotional materials.

Today, it is increasingly obvious for the people that corporate image indeed can be created through tools such as the above, but corporate reputation must be earned through continuous and strategic efforts.

Reputation is not only identity, image and experience, but they are all together including expectations that the company's stakeholders associate the company with. It is not only what the companies say about themselves through their communication but mainly what their stakeholders – be they customers, employees, investors, media, politicians, and others, say about them.

**Reputation is the sum of values that stakeholders attribute to a company, based on their perception and interpretation of the image that the company communicates over time.**

Good reputation management is based on effective communication and most of all it's about issue management. There are some key dos and don'ts about effective reputation management that companies should pay attention to and these are:

- ▶ Issue identification
- ▶ Issue Analysis
- ▶ Issue Strategy Option
- ▶ Issue Action Plan
- ▶ Evaluation of Results.

Traditionally, there are companies that are more on risk than others to confront with issue situations. Some examples could be companies:

- ▶ Offering life/health products – like pharmaceuticals, food
- ▶ Operating with new technologies – GSM, IT
- ▶ Confronting social habits – alcohol, tobacco

However, it's no news that troubled economy has affected anyone from companies to individuals around the globe – and by extension the reputation of companies. Who will stand strong against economic recession? Who will fail? And how will this impact our lives? To find out, BDR Associates will interview key local & foreign experts on topics from consumer spending to high technology fields on what reputation means for the companies they operate for and propose the interviews for your kind attention during the next issues of the Business Review through the courtesy of AmCham Moldova.

Yet, why is reputation so valuable for companies? In simple words, reputation is a key enabler. It secures the company in several key directions:

- ▶ Better employee output and retention;
- ▶ Better shield for crisis situations

- ▶ Sustainable wealth and value creation
- ▶ Positive influence on regulators when issuing licenses
- ▶ Increases attention from the part of the local authorities
- ▶ Reduction of costs of entry into new markets by securing a price advantage
- ▶ Alignment of strategy with key stakeholders' expectations.

Not in the least, the latest research carried out by Hill & Knowlton – "Reputation & The War for Talent (Corporate Reputation Watch 2008) reveals the fact that in the war for talents and well-trained human resources, reputation matters enormously, this meaning a series of factors such as employment career opportunities, corporate culture and working environment; employee remuneration, employee satisfaction but also respect of the company for the environment, CSR implications and others.

Building a company's strong reputation is very difficult and it takes a considerable amount of time, endeavor and dedication. It is not only about the quality of products and services, the contract fulfillment, the passion for the brand, the brand values, the organizational culture and structure, but mainly clear strategies and resources.

It means:

- ▶ Learning from others' mistakes
- ▶ Issue monitoring and careful crisis planning
- ▶ Stakeholder analysis, mapping and engagement
- ▶ Strategic communication with each and every group of stakeholders
- ▶ Corporate responsibility programmes' development
- ▶ Listening to customers' opinions
- ▶ Deliver on customer promise
- ▶ And not in the least Think Global, but Act Local

We would like to kindly invite you follow the series of articles on corporate reputation and management complementary offered by BDR Associates, the PR and strategic communication agency in Moldova since 2002.

### About BDR Associates

BDR Associates, strategic communication and public relations agency, is the exclusive associate of the company Hill & Knowlton in Romania. Founded in 1995, BDR Associates has provided strategic communication and public relations professional support to more than 400 clients, among which 100 are important national or multinational companies, official institutions, international organisms, associations or non-governmental agencies from Romania or Republic of Moldova. In 2003, BDR Associates has signed a partnership agreement with Hill & Knowlton, part of the WPP Group, thus joining the international network of one of the first three public relations companies in the world. BDR Associates is the partner chosen by the International Organization Superbrands for the implementation of Superbrands programmes in Romania and for the publication of Superbrands books.

# Interview with George Teodorescu, Vernon David



## What top facts about Vernon David should every business know?

We are an American-owned and managed law firm with almost a decade of experience in working with international and local companies in the region. We started life in 2001 and currently have over 20 lawyers in three offices throughout the region.

Our experience in Moldova started during that period (2001-2002), when the firm represented a number of corporate clients and intergovernmental organizations present in Moldova. For example, we assisted with the drafted the country's leasing law as part of an EBRD-sponsored project as well as worked on a series of M&A deals and banking and finance matters.

As the regional economies reaped the benefits of a rapid economic expansion, more and more of our existing clients expressed an interest in extending their operations in Moldova. In addition, we have been, and still are, very optimistic about Moldova and its future. In this context, it made sense for our firm to expand our operations in Chisinau to serve our clients' needs and those of the foreign investor community. As part of this expansion, in March 2009 I moved to Chisinau to manage and grow the office.

On a personal note, I have enjoyed working in the region, and particularly Moldova, over the past few years. Having begun my legal career in New York City (I grew up there and attended law school at Columbia), I find it both exciting and fascinating to observe Moldova's development and economic growth. My time here so far has been lots of fun and very personally rewarding.

## What are the corporate culture and the workplace culture like at Vernon David?

First and foremost is that the firm takes its work and clients issues very seriously. Since we are American owned and managed (and I come from the "New York City" school of legal practice), there is an intense focus on client service and outstanding work product. Therefore, such things as working all night or dealing with client issues 24/7 is just part of the firm culture and how we work.

Having said this, the firm is also very social and dynamic. For instance, we have several "away days" for the firm each year where we have the chance to meet with and enjoy the company of our colleagues. There are also regular social gatherings within the office. For this reason, I would like to think that we have been successful in transplanting to Moldova most of the traits that have contributed to the firm's success: direct communication among our professionals, permanent availability for clients and a friendship among our team that often transcends office hours.

Since the market for top legal professionals in Moldova is relatively limited, the firm also invests in the continuing professional education of our law associates. We organize legal skills development courses in our Bucharest office and throughout Europe, offer foreign language training, and generally try to create the type of working environment in which all our people feel that they have a personal stake in the success of the firm.

## Nowadays, everybody speaks about global economic crisis & its impact; however, what lesson should companies learn from this experience?

The effects of the economic crisis have affected all countries in the world, but Moldova was perhaps impacted a bit more than others due to the local political crisis that has played out over the last eight months. The economic crisis has been felt in Moldova in a number of ways - during the past year, remittances sent home by Moldovan citizens working overseas plummeted by a third, the budget deficit jumped to 9% of the country's gross domestic product, exports are down by 25%, foreign investment has slowed to a trickle and important privatizations such as Moldtelecom and Banca de Economii have been put on hold pending more favorable economic conditions. To add to the gloom, two major credit rating agencies have stopped covering Moldova altogether, making access to foreign credit increasingly difficult. The resulting domino effect from these events has reverberated throughout the entire economy, from the real estate to the banking to the retail sector.

It is very difficult to come up with a "one size fits all" lesson from the crisis, as I feel that different companies may emerge with different conclusions from the experience. Where some may consider the lean times as something that may bring into question their very involvement in the local market, others may see an opportunity to set up or expand their presence here and to buy undervalued assets.

Nonetheless, there will certainly be a renewed push by the foreign investment community for the government to simplify, deregulate, and add more clarity to existing regulations affecting taxation, business operations and employment matters. Such changes will allow companies to more efficiently adjust to economic challenges when these may arise, and to expand their operations in Moldova without fear of being caught "offside" by lumbering red tape or by the lack of clear regulations.

Recently, we have found that the new government has been recep-

tive to the suggestions from the business community in relation to improving Moldova's current legal framework, which I believe to be a very positive sign. Such efforts, in my view, will lead to greater confidence in Moldova's economy by foreign investors and the general business community. For example, we have been assisting AmCham in its efforts to modernize and update several draft environmental law proposals and the government has been very responsive to AmCham's comments and suggestions.

### In your opinion, how important is to think globally and manage locally?

Any successful foreign venture must strike a good balance of adapting professional expertise to the unique conditions of the local market. Many firms have suffered because they lacked in-depth knowledge of the domestic market and attempted to impose rules devised in a far-away headquarters and designed for a much different client base and economic circumstances. Law firms are particularly vulnerable to such pitfalls since the product they sell – legal advice – is especially dependent on the depth of their grasp of local legal practice. On the other hand, international management expertise is vital in identifying the issues important to most foreign investors, and to tailoring solutions using the firm's local resources.

Of course, an optimal balance between the two is critical to suc-

cess. With both American and Moldovan lawyers working in our office side-by-side, I think that we have that balance.

### What can you say about the company's plans & prospects for growth in 2010 and beyond?

As you can tell from this conversation, we are seriously committed to Moldova. We are also very positive about Moldova's prospects and future economic development. In short, we bet early on Moldova, expanding our Chisinau office at a time when most foreign firms were not even remotely interested in setting up a stand-alone office in this market. This is because we believe that there will be a significant increase in the demand for quality legal advice and services, spurred in part by an increase in foreign investment and internationally funded projects. With this increase of foreign investment, we see our office growing accordingly.

With our mix of Western and Moldovan legal expertise and backed by the resources of our regional law firm, we hope to be recognized as a leading transactional law firm in Moldova by the end of 2010. I think this can be done by building our firm's brand here in Moldova using the same formula that has traditionally served us well elsewhere: anticipation of the client's needs, high standard of professionalism, and quality legal advice that would help our clients succeed in the often unfamiliar local business and legal environment.

## THE COUNTRY

### The Profile of the Moldovan Political Elite is Undergoing Serious Cosmetic Surgery [with emphases on 'cosmetic']

The last quarter of 2009 abounded in political news:

- the Party of Communists boycotted Presidential elections, thus triggering new Parliamentary elections somewhere in the second half of 2010;
- all political parties plunged into an early and shamelessly undisguised electoral campaign;
- political parties are currently acquiring and merging with other parties;
- 'top management' of some parties is spinning off to form independent political groups.

2010 will be very different from 2009. We wish Moldovan businesses were as active in corporate M&A in 2009 as the politicians are in their tactical movements.

If Niccolo Machiavelli were to relive now, he would have definitely chosen Moldova over Florence as an example for a remix of *Il Principe*, and very probably he would have added a few more chapters to the famous book that all Moldovan politicians are currently using as their primary roadmap.

All this notwithstanding, foreign investors finally decided that there is no longer reason to wait until "the new President will be elected", and they finally proceeded with their new investments. And this is encouraging. Whatever happens in politics must be irrelevant for the business. This is absolutely not true for our part of the world, but we like to think that this separation of business and politics will eventually grow some roots into our fertile soil.

### MOLDOVA is the only country in the world located in between two out of any top-four best performing stock market economies

According to Reuters, the top four best performing national stock markets in the last decade were: Ukraine, Peru, Russia and Romania. Apparently, Ukraine offered an unbeatable return of nearly 900 percent over the decade. Peru was the second best performing bourse of the last 10 years, leaping 842 percent, followed by Russia's RTS Index at 697 percent and Romanian shares at 567 percent.

What Reuters clearly failed to observe is that Moldova is the only country in the world that is circled by two of the top-four best performers, i.e. Ukraine and Romania. This important aspect notwithstanding, the undercapitalized and passive Moldovan stock market was unlikely even monitored by Reuters.

<http://www.reuters.com/article/idUSLDE5E1NQ20091218>

### Moldovan Justice Reform – Myth or Reality?

The failures of the Moldovan judiciary system have been mentioned in many reports of national and international organizations, including but not limited to the Council of Europe, the European Commission, OSCE, etc. On 30 October 2009, the Moldovan Parliament, by way of Resolution, has approved a Declaration regarding the situation of the Moldovan judiciary and measures to be taken in order to improve such situation.

The public statement supported by the majority of our legislators that the "the judiciary in the Republic of Moldova is gravely affected by corruption" appears strong enough to question the appropriateness of recognition and enforcement of Moldovan judgments outside our country.

This Declaration outlines a number of problems and difficulties of the Moldovan judiciary system, namely promotion for leading positions within Moldovan courts based on other criteria than those allowed in a democratic society; dismissal based on political criteria of a number of qualified and honest judges within 2002-2003; insufficient initial and continuous training of judges; negli-

gence, indulgence or selective application of the legal provisions on liability of judges, etc.

A problem, which was not expressly mentioned in this Parliamentary declaration, but which continues to prejudice the image of Moldova in front of foreign investors, is related to the quality of a solid share of judicial acts issued by the Moldovan economic courts. The economic courts are a system of specialized courts created to examine disputes between businesses. Clearly, when a foreign investor finds itself in a dispute with a Moldovan business, an economic court is the likely forum to assess the merits. Foreign arbitration is a recommendable solution for cases when you entering into a contract with a potential Moldovan opponent. However, one may get sued even without a contract, e.g. in a claim for alleged damages, in which case the blindness, fairness and impartiality of the Moldovan economic judiciary, in many instances, is not to be taken for granted.

The new Minister of Justice, a former private practitioner, declared that he is familiar with all the difficulties within the Moldovan legal system. One of his declared priorities is to reform the framework regulating the justice in Moldova. In this respect a draft law was elaborated, regulating inter alia the liquidation of Moldovan Economic Courts. As mentioned by the Ministry of Justice, the examination of economic conflicts by specialized courts (including economic court) is not 'appropriate and necessary'. The powers to examine business issues are proposed to be delegated to the courts of common jurisdiction.

The draft law was recently positively appreciated by European legal experts and scholars. Moreover, the draft law was approved by the Government and was sent to the Parliament for consideration. Most of the Moldovan legal professionals, however, are skeptical as to the likelihood of the passage of this law through the Parliament and/or as to the strength of the impact that the liquidation of economic courts may have over the quality of the justice in the Moldovan business disputes.

One thing we all agree on is that good judges must be paid well, and not by the parties to a dispute, but by the State. But whether these good judges will work in economic courts, or in courts of common jurisdiction, is probably a secondary matter.

*By Carolina.Parcalab@TurcanLaw.md and Alexander.Turcan@TurcanLaw.md*

### Moldovan Government to Use Proceeds from Sale of New Embassy Site to the German Government to Repair Local Courts

Speaking of legal sources of funding the Moldovan judiciary...

One of the larger historic ruins of Chisinau will finally undergo significant recovery! Back in 1892 Baroness Julia A. von Gheiking has established in a most picturesque place that is now known as 85 Alexei Mateevici Street in Chisinau a gymnasium for girls. The building used to house a number of different schools, but for a short period of time after World War II it served as the headquarters for the 'SovNarCom' of the Moldavian Soviet Socialist Republic. A SovNarCom is not a dot.com venture, but rather the 'Council of People's Commissars', or the cabinet of ministers of the postwar Moldova. Today trees and bushes grow through the body of this building that is considered an architectural monument of national importance.

How is this at all relevant?

In February 2009 the previous Parliament has pledged this building, by way of law, to the Moldovan Supreme Court that has long been looking for a new home.

However, on 3 December 2009, the new Parliament decided by way of amendment of the previous law that the Moldovan Supreme Court can wait, and instead has authorized the sale of this building to the German Government who was in a search for a new embassy estate in Chisinau. To reconcile the interests of the Moldovan judiciary, the Parliament has promised that the proceeds (we hope that all proceeds) obtained from the sale of these 0.4 hectares of land in downtown Chisinau will be used to renovate Moldovan courts.

The architects of the new German Embassy will be required to

preserve the initial architectonic aspect of this once very beautiful property. As natives of Chisinau, we look forward to the revival of these fine buildings. Clearly, as Moldovan lawyers, we also hope to see some cash being pumped up straight towards the renovation of our 'secondary chambers'.

*Want to learn more? Contact Alexander.Turcan@TurcanLaw.md*

## LEGAL NEWS

### 0% Corporate Tax Rate to be Maintained for FY2010. Withholding Tax on Payments to Non-Residents Leveled at 15%

The Government submitted to the Parliament a package of draft tax and budgetary laws for the financial year 2010 which maintains the 0% corporate tax rate enacted back in the FY 2008. The 15% withholding tax applicable upon payment of dividends shall also apply. In this way the Government intends to continue the taxation at 15% only of those corporate profits which are distributed as dividends, while reinvested profits will be taxed at 0% in FY2010.

As regards taxation of non-residents, for FY2010 the Government plans to level to 15% the withholding tax on all kind of payments to non-residents made by a Moldovan resident company. In FY2009 payments such as interest on debt or royalty on intellectual property was subject to a 10% withholding tax.

We note that the more favourable provisions of the double taxation treaties to which Moldova is a party will apply instead of the above national taxation rules. For instance, the Cypriot or Dutch treaties provide for withholding taxes as low as 5%, while the Belgian treaty with Moldova provides for 0% withholding taxes for some special cases.

We shall revert with details after the official publication and entry into force of the said laws.

*Want to learn more? Contact Octavian.Cazac@TurcanLaw.md*

### Parliament Cancels Ban of Dual Nationality Candidates to Hold Public Office in Moldova

The Moldovan Parliament has cancelled the ban imposed on dual or multiple nationality candidates to hold public office in Moldova. The ban had been imposed in late 2007 by the Communist lawmakers who now form the opposition in the Parliament.

A year ago we wrote that on 18 November 2008 the European Court of Human Rights (ECHR) issued a judgement where it concluded that the ban was disproportionate in light of the aim sought by the Communists and violated the European Convention for the Protection of Human Rights and Fundamental Freedoms.

*Want to learn more? Contact Octavian.Cazac@TurcanLaw.md*

### Moldovans to Enjoy Day-Off on 25 December for the first time... and also get 10 days of Public Holidays after New Year's Eve

The Government made it such that, for the first time since Independence, 25 December (New Calendar Orthodox Christmas) be enjoyed by Moldovans at home, and not at work, as we are used to.

Same as in January 2009, Moldovans will not work from 1 January 2010 to 10 January 2010, and will resume work on Monday, 11 January 2010. Instead, it is likely that Moldovans will be asked to work during some Saturdays of January, February and March of 2010. As usual, the impact of this will be that all Government authorities and major institutions, such as banks, will not be available for the public or have limited working hours.

We recall that Moldovans predominantly celebrate Christmas on the night from 7th to 8th of January (Old Calendar Orthodox Christmas).

*Want to learn more about Moldovan religious holidays?*

*Contact Octavian.Cazac@TurcanLaw.md*

## New Quality Standards for Telecom Services

The National Agency for Regulation of Electronic Communications and Informational Technology (the "ANRCETI") has adopted the Decision on Establishing the Quality Parameters for the Electronic Communications Services (the "Decision"). This Decision is necessary for due implementation of the Law on Electronic Communications (2007) that establishes an obligation of certain providers to publish current information on the quality of their services, in accordance with quality parameters determined by ANRCETI in order to ensure that end-users benefit from complete, comparable and accessible information on such services.

The Decision establishes the quality parameters for the following types of electronic communications services: fixed telephony, Internet access, communications services provided through networks that use Internet Protocol (IP), ISDN services, and public leased lines services.

Under the Decision, the providers of above services will have: i) to measure the quality of services in accordance with the parameters established by the ANRCETI, and ii) to present to the ANRCETI and publish (on a quarterly and annually basis) such information on their websites and in their commercial offices.

*Want to learn more? Contact Marin.Chicu@TurcanLaw.md*

## "Green light" for Bulk Exports of Wine Distillates and Divines

One of the first laws adopted by the new Parliament of the wine country such as Moldova was, naturally, an amendment to the Law on Wine and Vineyards (the "Law"). The amendment comes to exclude the largely disputed restriction on bulk exports of wine distillates, divines and divine blends. However, the constraint has been maintained in respect of: (i) wine distillates and divines with a maturity period exceeding six (6) years, as well as (ii) divines and brandies with appellation of origin or geographical indication, regardless of age. To ensure the practical applicability of the abovementioned amendment and to protect the interests of local wine-makers, the Law also eliminates the obligation of bottling divines and brandies, except those with an appellation of origin or geographical indication, and bans the sale of divines and brandies in bulk on the internal market.

We wish to remind that the term 'divine' is used in the modern Moldova as a substitute for the French term 'cognac' that was widely exploited in the past by the Soviet (including Moldovan) wine-making industry.

Finally, we wish to conclude that the Moldovan 'cognacs' are indeed divine, and that the substitute term was appropriately chosen to demonstrate the true essence of this exquisite beverage.

*Want to learn more? Contact Mariana.Stratan@TurcanLaw.md (on issues of law) and Alexander.Turcan@TurcanLaw.md (on questions about Moldovan divines)*

## Six Months for Elaboration and Implementation of AML Policy by Auditors

By 22 April 2010 all Moldovan audit firms must approve internal Policies on prevention, identification and reporting of money-laundering and terrorism financing cases. To assist the auditors in this process, the Ministry of Finance has approved by Order No. 63 published on 22 October 2009 the Guidelines on applying the measures of prevention and fighting against money-laundering and terrorism financing by audit firms and individual auditors.

We remind that under the Moldovan Anti-moneylaundering Law, auditors are under duty to report all transactions that carry signs of suspicion of money-laundering or terrorism financing to the Moldovan Centre for Combating Economic Crimes and Corruption.

*Want to learn more? Contact Mariana.Stratan@TurcanLaw.md*

## Monetary policy: it's time for a true quantitative easing in Japan

Japan has declared the return of deflation. The country already holds the record for the number of consecutive years of deflation (seven, until 2006). Since its banking problems started after the bursting of the asset bubble of the 1980s, Japanese growth has remained below potential for almost twenty years. The recent financial crisis has not helped: industrial production has crashed and nominal gross domestic product plunged by 7 per cent year-on-year in the first half of 2009. Meanwhile, the yen has soared close to its post-war high of ¥79.75 on 19 April 1995 which shocked exporters at the time.

//[financialtimes.com](http://financialtimes.com)

## Tax income eases UK deficit fears

Tax receipts rose in the month of November for the first time since September 2008, helping public borrowing figures to come in below expectations although the Budget deficit this year is still set to be the highest since the Second World War.

Public sector net borrowing was £20.3bn in November, up from £15.5bn a year ago, and the biggest monthly shortfall in receipts income compared with government spending since monthly records began in 1993.

Central government receipts compared with a year ago rose by 3.6 per cent in cash terms, the best year-on-year since before the financial crisis erupted in the autumn of 2008. It is also a sharp improvement from the average year-on-year fall of almost 11 per cent so far this financial year.

November borrowing figures are often high because it is not a big month for taxes, but spending on winter fuel allowances boosts spending. Total borrowing in the first eight months of the year has now reached £106bn, compared with £49bn at the same stage of the last financial year and already far beyond the total of £85bn in the whole of the year. It also far exceeds any other borrowing in a single financial year since the Second World War.

//[financialtimes.com](http://financialtimes.com)

## The hottest industries for job growth

Looking for a new profession? You might want to consider becoming a computer systems designer or home health care aide.

Even with unemployment at 10% in the US, some industries like professional service and health care will grow in the years ahead, according to a report released on December 8 by the Bureau of Labor Statistics of the USA.

Professional and business services and health care and social assistance are expected to have the largest employment growth from 2008 to 2018, the Labor Department said.

Professional and business services will add 4.2 million jobs over that 10-year period while health care will increase its employment by 4 million. Within professional and business services, consulting, computer systems design and employment services will have the most growth.

In the health care and social assistance industry, the top gainers are home health care, services for the elderly and those with disabilities, nursing care facilities and employment in offices of physicians.

//[cnn.com](http://cnn.com)

## China, U.S. hold key to U.N. climate talks

World leaders tried to rescue a global climate agreement on Friday, December 11, in Copenhagen, but the failure of leading greenhouse gas emitters China and the United States to come up with new proposals blocked chances of an ambitious deal.

U.S. President Barack Obama and other leaders were trying to reach consensus on carbon emissions cuts, financial aid to poor nations, temperature caps and international scrutiny of emissions curbs. There has been progress in some areas, but gaps remain over emissions targets and monitoring, delegates said.

Developing countries, among them some of the most vulnerable to climate change, say rich nations have a historic responsibility to take the lead.

The environment minister of EU president Sweden, Andreas Carlgren, said the United States and China held the key to a deal. The United States had come late to the table with commitments to tackle climate change, he said. China's resistance to monitoring was a serious obstacle.

The aim of the two weeks of talks in Copenhagen is to agree a climate deal which countries will convert into a full legally binding treaty next year, to succeed the Kyoto Protocol whose present round ends in 2012. The United States never ratified Kyoto, and the pact doesn't bind developing nations.

//[reuters.com](http://reuters.com)

## 2009's notorious financial scandals:

- The top headline-grabbing financial scandal in 2009 was Bernard Madoff's breathtaking \$65 billion Ponzi scheme. While the fraud came to light in 2008, Madoff was sentenced to 150 years in prison in June. U.S.
- Sri Lankan-born billionaire Raj Rajaratnam was the most prominent of some 20 individuals to face charges in the biggest U.S. hedge fund insider trading case on record. A grand jury accused the Galleon hedge fund founder of using a network of company insiders to tip him off to information that netted \$20 million in illegal profits between 2006 and 2009.
- In February, Swiss banking giant UBS agreed to pay \$780 million to settle criminal charges that it helped American clients evade taxes using concealed in offshore accounts. A U.S.-Swiss agreement reached in August forced the disclosure of 4,450 American holders of secret UBS accounts, opening cracks in Switzerland's bank secrecy laws.
- In June, billionaire Texas financier Allen Stanford was indicted for an alleged \$7 billion Ponzi scheme centered on fraudulent certificates of deposit issued by his offshore bank on the Caribbean island of Antigua. He has pleaded not guilty. The Miami Herald reported this week that U.S. authorities are investigating millions of dollars contributed by Stanford and his staff to lawmakers.
- With Madoff having set the bar so high -- or low -- for Ponzi schemes, a \$3.65 billion scam might not sound like a lot. A federal jury found Minnesota businessman Tom Petters guilty this month of using one of his companies to bilk investors who thought he was using their money to buy consumer electronics for resale to retailers such as Costco Wholesale Corp .

//[www.reuters.com](http://www.reuters.com)



## EBRD expects Moldovan economy to grow 1.5% next year

Experts at the European Bank for Reconstruction and Development (EBRD) predict that the Moldovan economy will grow in 2010 by over 1.5 percent, however "this mostly reflects the recovery from a deeper than anticipated downturn in the first half of this year, rather than a more vigorous economy during 2010", statement made by EBRD.

According to Alex Chirmiciu, EBRD Senior Economist, "the Moldovan economy is undergoing a serious economic crisis in 2009. Falling budget revenues, declining remittances and limited access to external financing call for a careful mix of fiscal, monetary and exchange rate policies in order to support macroeconomic stability. The return to positive economic growth in 2010 and beyond partly depends on the pace of the expected recovery in Moldova's main trading partners, but it will also need to be underpinned by further structural reforms and improvements in the business environment." //Info-Prim Neo

## Industrial production lower than last year

The industrial enterprises of all patterns of ownership over January-September this year manufactured goods to the value of 16.321,1 billion lei. The production of clothes and footwear, wine, distilled alcoholic drinks, canned meat, fruit and vegetables, articles from rubber and plastic has fallen. At the same time, the production of poultry, steel frames and other objects from steel, electrical appliances and machines, knitted and crocheted goods, pasta and items made of wood has increased.

The industrial production volume in September rose by 12.3% from August owing to the rise in production levels in the extractive, processing and energy industries by 8.3%, 12.9% and 5.6% respectively. //Info-Prim Neo

## Average pay in real sector by about 600 lei higher than in budgetary sphere

The January-September average monthly salary in the national economy was 2,701.5 lei, an increase of 9.9% compared with the corresponding period last year. The real salary in the period rose by 9.7%. In the budgetary sphere, the average salary increased by 23.3% to 2,344.6 lei, while in the real sector – by 5.9% to 2,907.1 lei. The highest salaries were paid in industry and the financial sector, while the lowest ones – in agriculture and the service sector. //Info-Prim Neo

## U.S. offers US\$3.1m to Moldova for small-scale activities to be carried out before signature of Compact Program

Prime Minister Vlad Filat and Vice President of the Millennium Challenge Corporation Darius Teter signed an agreement concerning the provision of a grant of US\$3.1 million to Moldova by the U.S. Government.

The money will be used to finance a limited number of activities that will be carried out before the signing of the Compact Program. These include the contracting of the financial agent and procurement consultants and the creation a unit that will deal with the implementation of the Compact Program – the Millennium Challenge Fund Moldova.

Among the CIS countries that received full Compact assistance from the Corporation are Georgia (\$295 million) and Armenia (\$235 million). Ukraine is also eligible for full assistance but hasn't received it yet. The Corporation's Board decided to offer \$262 million to Moldova for the implementation of its Compact program. //Info-Prim Neo

## German company ready to invest 20m euros in Moldova's infrastructure, new buildings and equipment

The German company Dräxlmaier will increase its investments in Moldova despite the world economic crisis. It is ready to invest about 20 million euros in infrastructure, new buildings and equipment, the company's general director Peter Hilbert announced at a meeting with Deputy Prime Minister and Minister of Economy Valeriu Lazar, according to the Economy Ministry's press service. Peter Hilbert said that the company intends to double the number of its employees in Moldova by the end of this year. Currently, Draxlmaier employs 1,500 persons. It is also considered the possibility of creating a free economic zone. Peter Hilbert said five companies operating in different areas of industry have already expressed their intention to form part of this zone. Dräxlmaier entered the Moldovan market in 2006. It develops and delivers elegant functionally integrated interior components, cockpits, wiring harness and electrical management systems, as well as trim components which set new automotive industry standards. //Info-Prim Neo

## Retail sales down about 1% in September

Sales in retail outlets in Moldova last month totaled 1.827,7 billion lei, a decreased of 0.9% in real terms compared with a month before and a 2.9% decrease compared with September last year, according to the National Bureau of Statistics. The retail outlets in the ninth months to September sold consumer goods to the value of 14.400,5 billion lei, a 4.7% decrease in real terms compared with the corresponding period last year. The decline was mainly determined by the 10.4% decrease in the sales of nonfood products, which accounted for 64.4% of the total retail sales, as against 67.0% in January-September 2008. The sales of food products rose by 6.0%, making up 35.6% of the retail sales (33.0% last year). The outlets on October 1, 2009 had stocks of 4.969,5 billion lei, a 12.3% increase compared with October 1, 2008. //Info-Prim Neo

## Volume of freight and passenger traffic goes down

The volume of freight transported by the Moldovan carriers during January-September 2009 has decreased to 40.8% of the figure for the corresponding period last year. According to the Bureau, the railway, road, fluvial and air carriers in the nine months to September transported 5.468,1 million tonnes of goods. The volume of freight conveyed by trains dropped by 66.3%, by trucks – by 45.3%, while by planes – by 4.8%. The number of passengers transported by buses and minibuses fell by 6.3%, by planes – by 4.1%, but of those carried by fluvial units of transport rose by 9.7%. //Info-Prim Neo

## Privatization process to resume

The privatization process in Moldova will be resumed in the first half of next year, Deputy Prime Minister and Minister of Economy Valeriu Lazar announced, Info-Prim Neo reports, quoting the Economy Ministry's press unit.

A number of companies are now being assessed and there will be considered methods of privatizing them.

The issue was raised at a meeting with the Ambassador of Belarus. The interlocutors discussed the building of roads and aqueducts and other infrastructure-related projects. Valeriu Lazar invited the Belorussian economic entities to actively take part in the tender contests that will be held next year. //Info-Prim Neo

# AmCham Moldova organized “Welcome Back” Networking Cocktail

On September 10, 2009 as part of the planned Networking Events, AmCham organized a “Welcome Back” Networking Cocktail that took place at the Panoramic Restaurant in the splendid Nobil Luxury Boutique Hotel.

The event offered AmCham members a good opportunity to share their impressions, discuss new, along with the enjoying delicious food, cold beverages in a warm and friendly atmosphere.

We would like to thank all of our members that attended the cocktail party. It helped us make the event a success and we are looking forward to following-up with some of the prospective members that were at the party.



# International Conference “Corporate Social Responsibility & Sustainable Competitiveness”

On October 30, 2009 in Chisinau, was held the 3rd edition of the International Conference on Corporate Social Responsibility (CSR) under the topic „Corporate Social Responsibility and Sustainable Competitiveness” that has enjoyed great interest from the representatives of Moldovan business community, government and civil society, as well as international organizations with the presence in the Republic of Moldova.

In the framework of the Conference, there was highlighted current importance of CSR, especially under such aspects as: CSR in conditions of global economic crisis; CSR, competitiveness and innovation; practical aspects of implementing CSR in small and medium size enterprises; CSR through media eyes, Global Compact - largest international network for application of CSR principles.

“A company oriented to a sustainable business should not aim only at gaining profit from its activities, but also get involved in addressing social problems, in order to create a healthy social environment for the development of its business. Implementing CSR projects certainly adds additional value to a company”, has stated John Maxemchuk, AmCham Moldova President.

The conference was attended by such international experts as: Kaarina Immonen, UNDP Resident Representative in Moldova, HE Asif J. Chaudhry, U.S. Ambassador to the Republic of Moldova, Natascha Weisert, Industrial Development Officer Private Sector Development Branch, UNIDO Austria, Minna Pajala-Hammar, Head of Corporate Responsibility for TeliaSonera Group Sweden, Bart Slob, CSR Expert, Center for Promotion of Import in the Developing Countries, CBI the Netherlands, Marina Saprykina, Director of the Centre for CSR Development, Ukraine, Valentina Buliga, Ministry of Labor, Social Protection and Family, as well as other business leaders from our country, leaders of the international organizations, representatives of the diplomatic community, representatives of civil society, professors and students.

“One of the social programs joined by representatives of business community and NGOs from Moldova is the National Campaign “Go Green” which is part of UN Global Compact. By participating in this project, a number of local companies joined their voluntary actions for the protection of environment not only on a national level but on international level as well”, declared the President of the Council of Coordinators of Global Compact Network Moldova, Eugeniu Josan, during the conference.

The third edition of the International Conference on Corporate Social Responsibility was co - organized by the American Chamber of Commerce in Moldova, United Nations Development Program, Global Compact Network Moldova and the Eurasia Foundation Moldova Representative Office.

Sponsors of the Conference: Moldcell - general sponsor, as well as British American Tobacco Moldova, Moldova Agroindbank, Orange, Union Fenosa. Media partners: PRO TV Chisinau and Business Class.

Corporate Social Responsibility is a concept that encourages companies to take into consideration interests of the society by assuming their responsibility for the impact that company's activities have over the community, customers, employees, shareholders and environment. This commitment goes beyond the statutory obligations to observe the legislation and represents some voluntary actions for the improvement of living standards of the employees and their families, as well as of the community and society as a whole.



# Christmas Networking Cocktail

On December 11, AmCham Moldova hosted its Christmas Cocktail Party - last Networking Event of the year 2009 - at the Club Royal Park Hotel. It was another occasion for AmCham Members to network and share ideas, as well as spend some nice time in a soothing Christmas atmosphere with an entertaining environment and extraordinary Japanese cuisine. The event was kindly sponsored by Purcari Winery.

At this final event of the year, AmCham team used the occasion to thank all the members for a great and fruitful year and the continuous support. John Maxemchuk, AmCham President, has summarized AmCham's activities and achievements in 2009 and presented AmCham's biggest project of the year - "2009 Roadmap for the Development of Moldova's Business and Economic Climate". The special invitee of the event was Mr. Richard W. Roesing, Consul at US Embassy in Chisinau, who has presented AmCham Business Visa Program.

We are looking forward to an even more successful and productive coming 2010 year, with many more constructive challenges to be faced in our daily activity and special projects!



*Merry Christmas and a Happy New Year!*



*La Multi Ani!*

*2010*

*May the season's holidays bring joy,  
happiness and great successes to you and your dear ones!*

*Fie ca sărbătorile de iarnă sa Vă aducă bucurii,  
fericire și mari realizări Dvs și celor dragi vouă!*

*Sincerely,*

*AmCham Moldova Team*