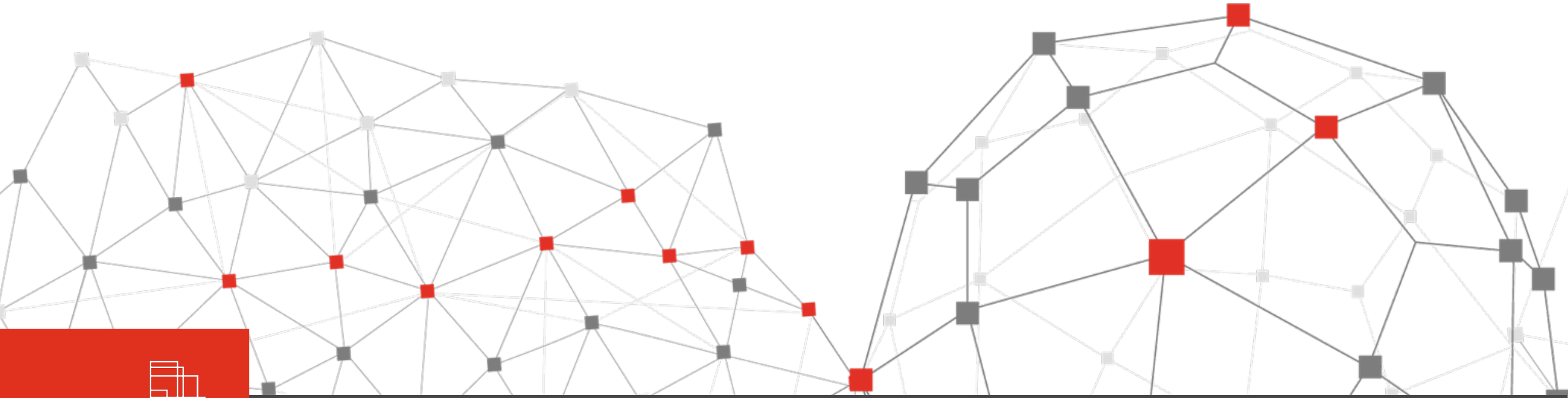
AmCham Moldova
fighting for your business

The impact of the COVID-19 pandemic on the activity of Moldovan companies: reality, expectations and actions



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About the survey

The survey was conducted by AmCham Moldova between 30 March – 6 April 2020, based on the data provided by **315 participant companies**.

The questionnaire was distributed to entrepreneurs by the Economic Council to the Prime Minister and the Investment Agency; shared by a number of business associations: AIM, APIUS, ONVV, MĂR, APIP, AFAM, ANTRIM, COR; and distributed through mass-media channels.

The survey was developed with the methodological support of PwC Moldova.

The main aim of this survey was to deliver updated information about the impact of the COVID-19 pandemic on Moldova's business environment.

Methodology details:

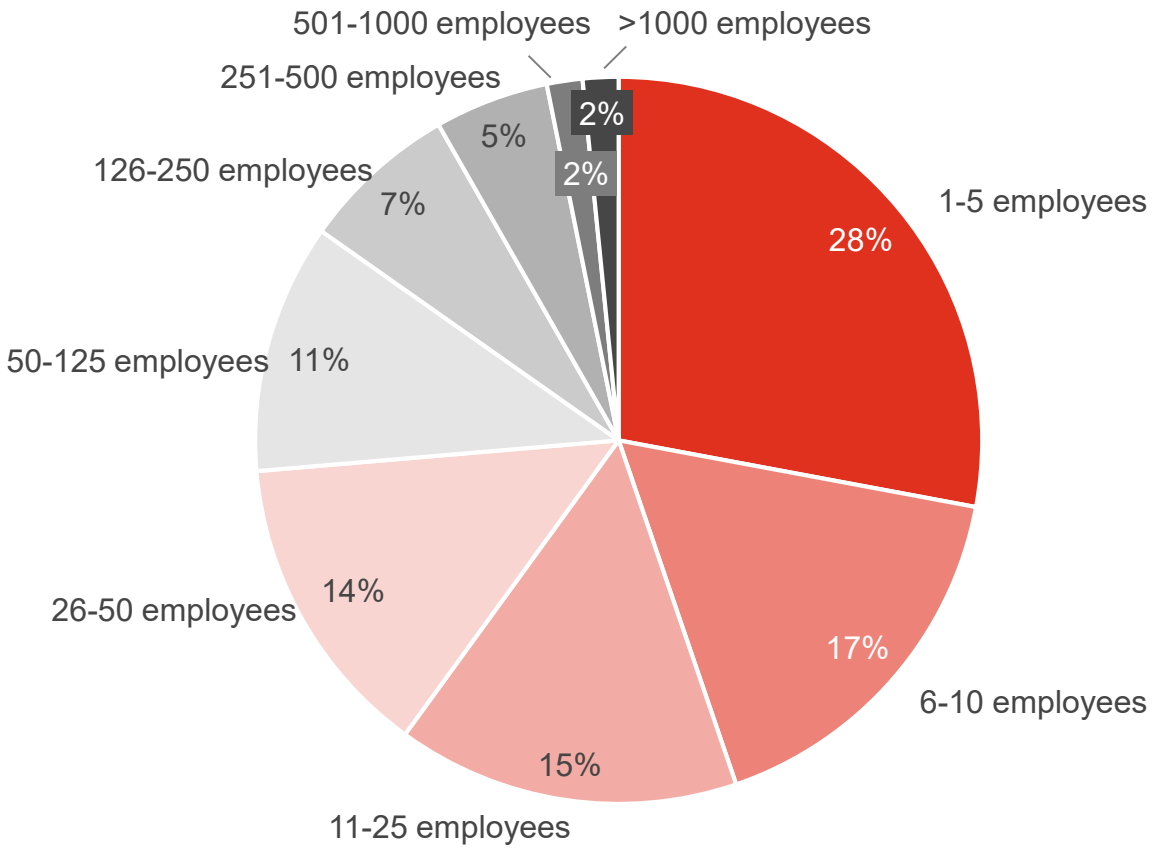
- Data gathering was done online, through the Google platform
- Collected information has been and will be treated as highly confidential

Analysis of the participant sample by economic sector

Industry	Number of companies	% from total respondents
Agricultural production and processing	46	15%
Tourism	46	15%
Light industry/production	40	13%
Others	36	11%
HORECA (Hotels, restaurants and cafes)	22	7%
Creative	20	6%
Production of consumer goods	17	5%
Consultancy	16	5%
Non-banking financial	15	5%
Automotive	12	4%

Industry	Number of companies	% of total respondents
Information Technologies	8	3%
Transport & Logistics	7	2%
Construction	6	2%
Pharmaceutical	5	2%
Heavy industry/production	5	2%
BPO and outsourcing	3	1%
Energy	3	1%
Financial-banking	3	1%
Food and beverages distribution	2	1%
Telecommunications	2	1%
Petroleum products distribution	1	0%
Total	**315**	**100%**

Analysis of the participant sample by number of employees



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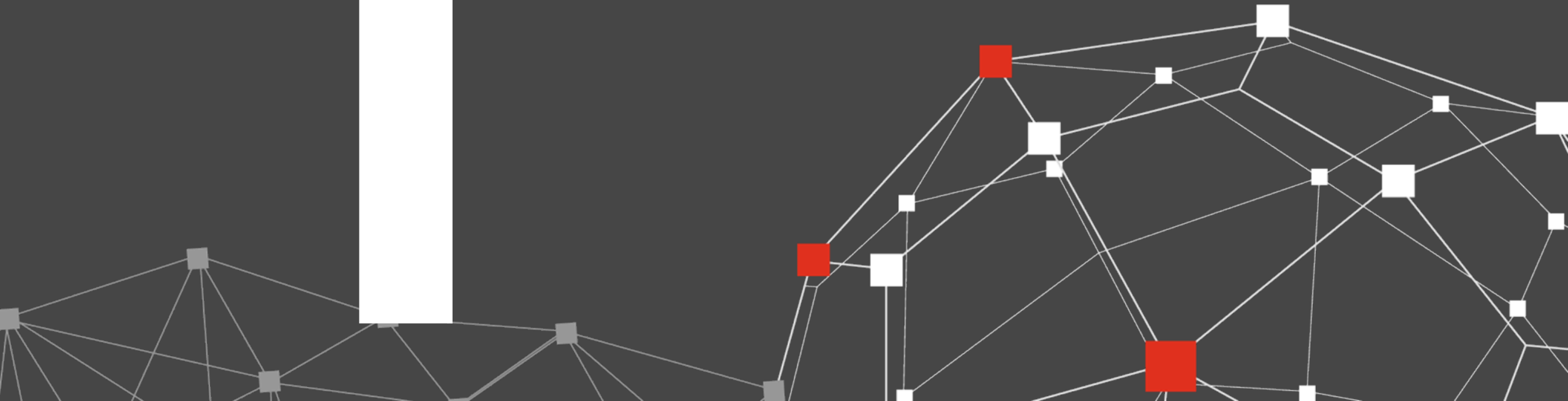
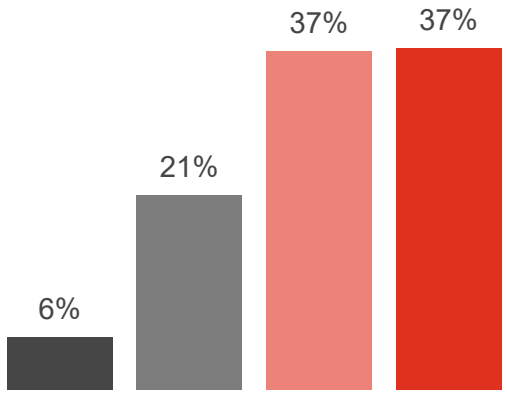
Impact on the companies' activity



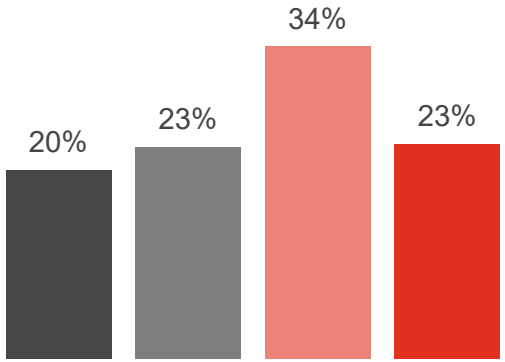
Factors that are now negatively affecting the companies' activity

As per general market, 88% of respondents are currently "absolutely" or "significantly" affected by the decrease of demand for goods and services; 74% faced legal restrictions for performing activity.

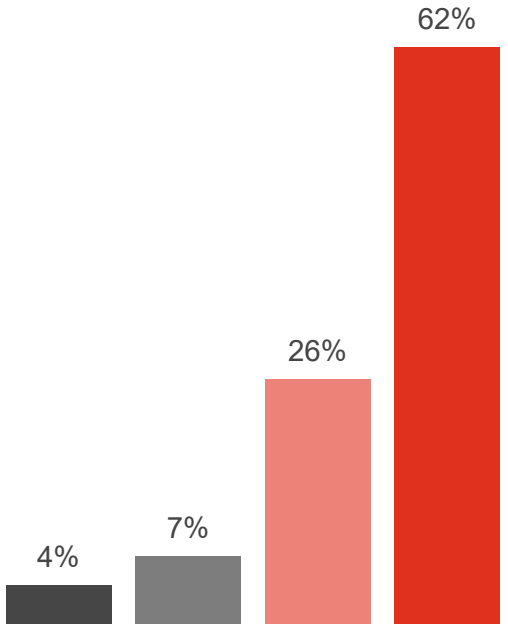
Legal restrictions for performing activity



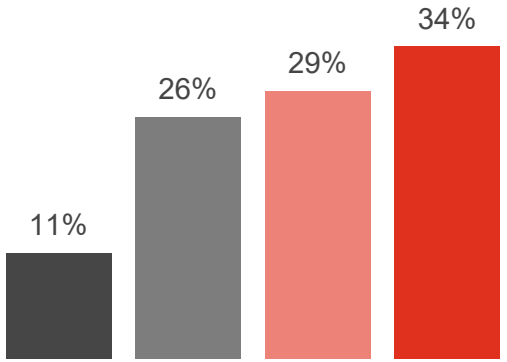
Lack of raw materials and/or logistic disruptions



Decrease of demand for goods/services



Lower employee productivity

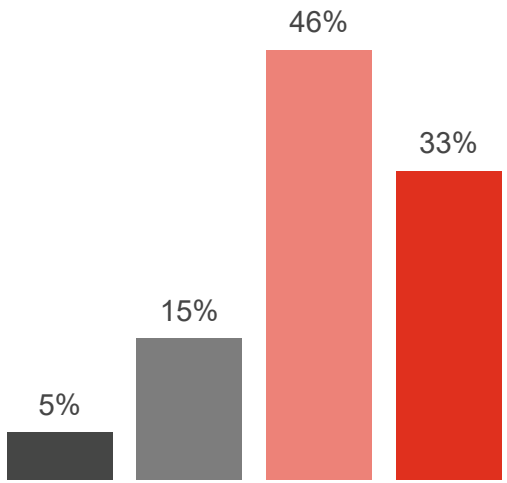


– No impact – Insignificant impact – Significant impact – Absolute impact

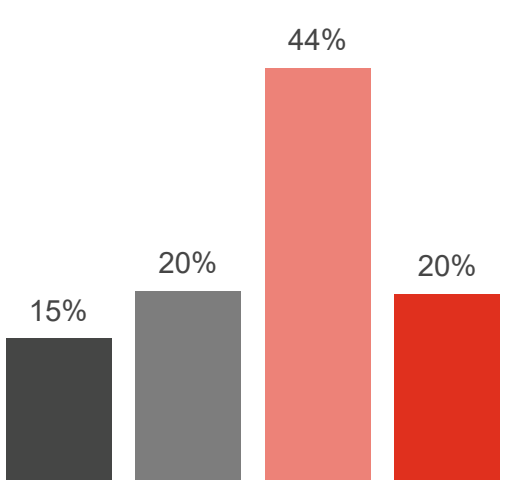
Challenges anticipated in the next 2-5 months (1/2)

As per general market, 64% of respondents estimate that the lack of raw materials will increase and that logistic disruptions will take place in the following period.

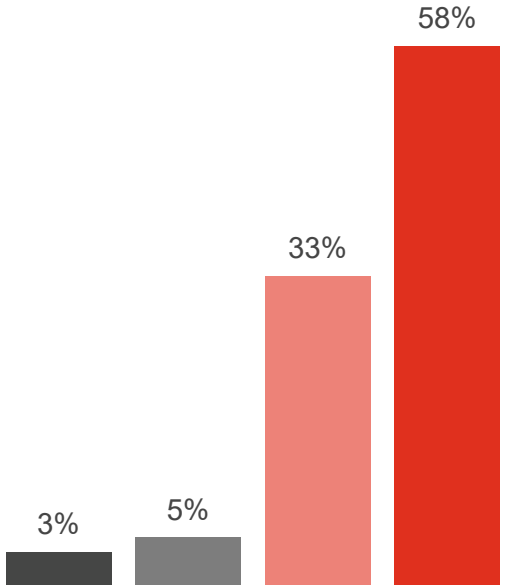
Legal restrictions for performing activity



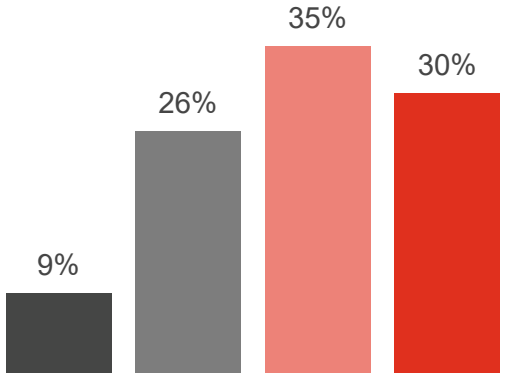
Lack of raw materials and / or logistic disruptions



Decrease of demand for goods / services



Lower employee productivity

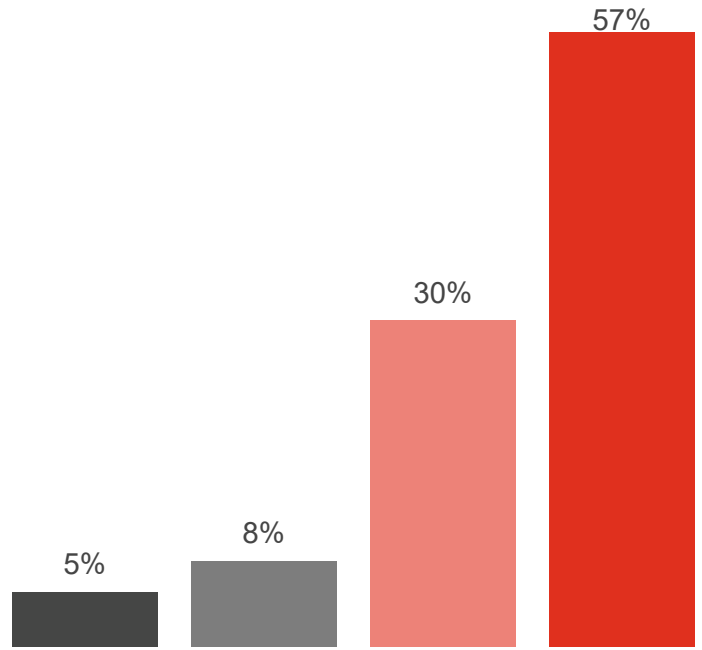


– No impact – Insignificant impact – Significant impact – Absolute impact

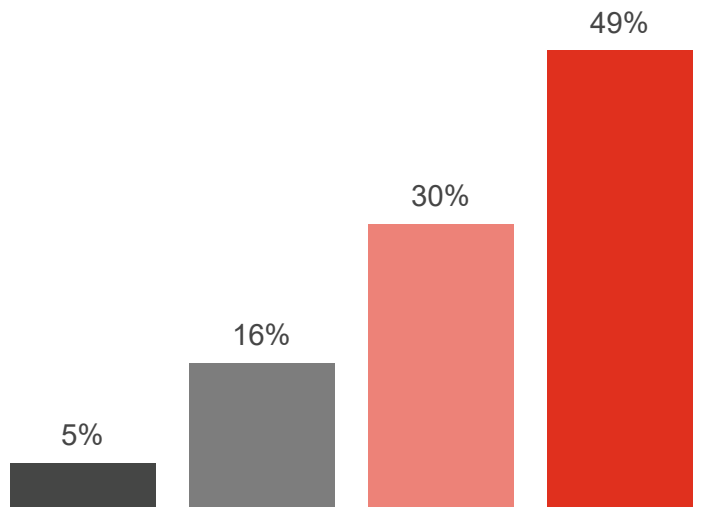
Challenges anticipated in the next 2-5 months (2/2)

As per general market, 87% of respondents anticipate that the highest challenge in the next period will be a deficit of working capital. As a result, a significant impact will be felt in relation to delayed collection of invoices and maintaining employees.

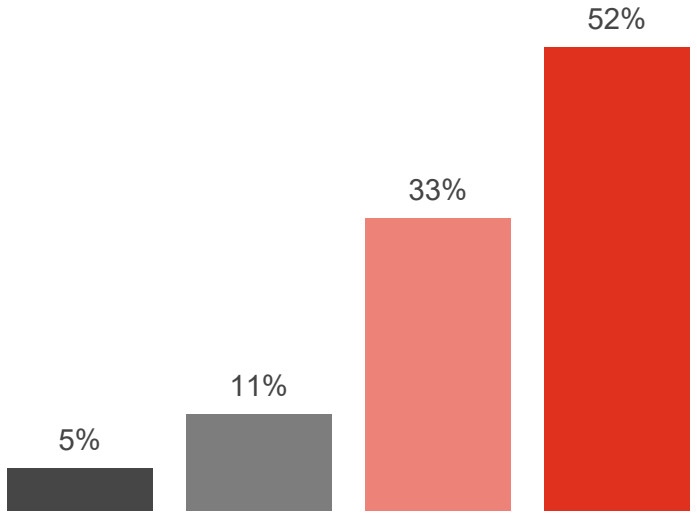
Lack of working capital



Maintaining employees



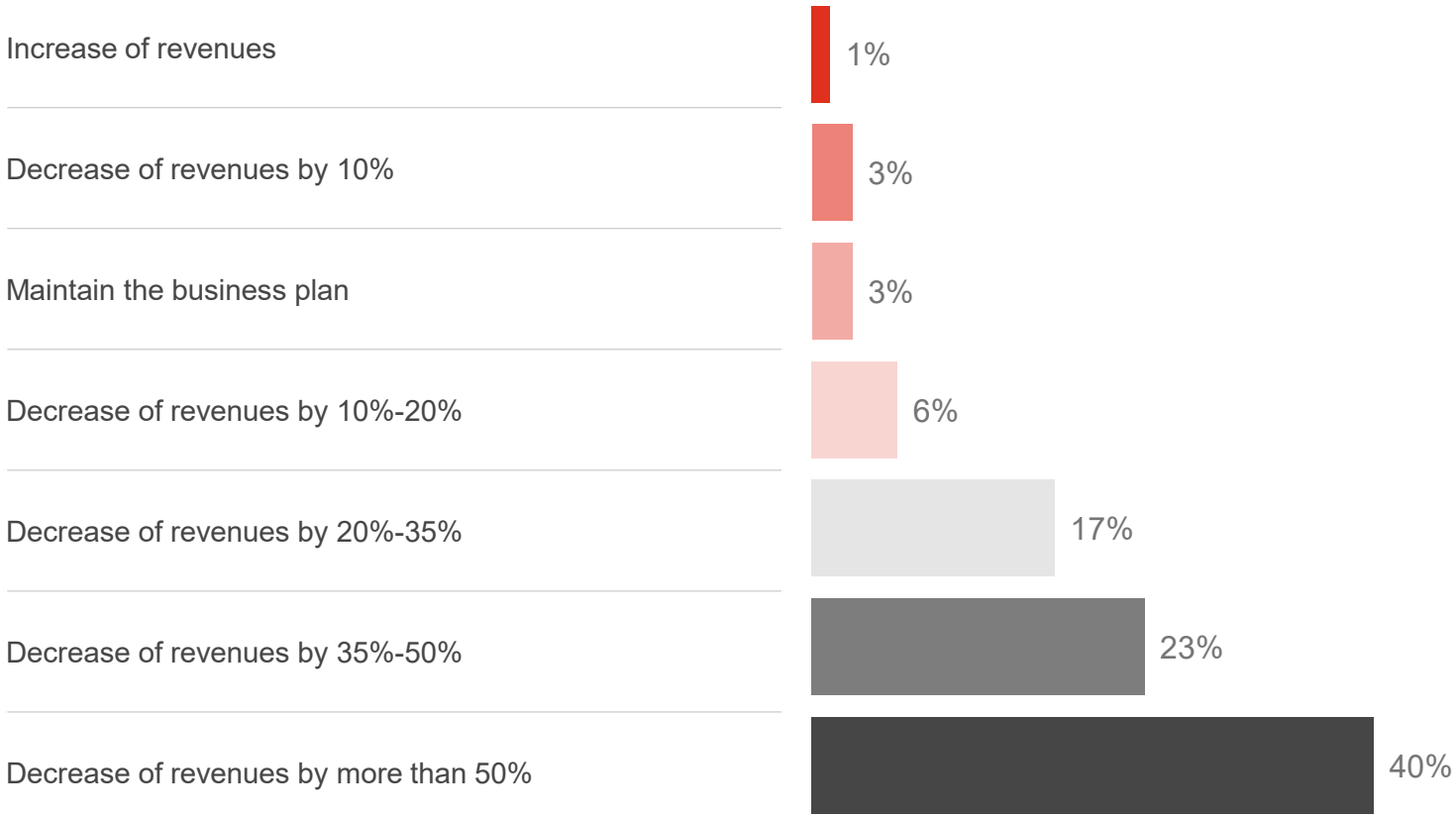
Delayed collection of invoices



– No impact – Insignificant impact – Significant impact – Absolute impact

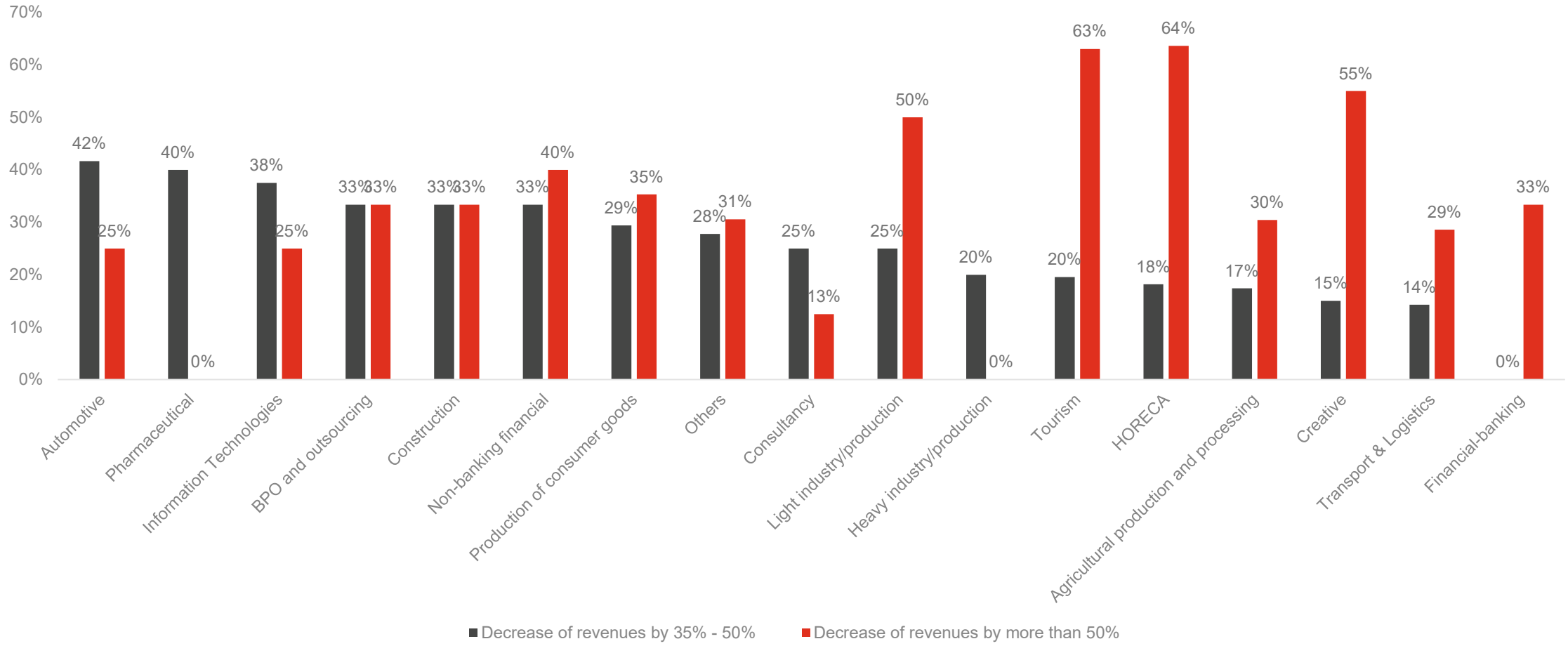
Assessment of current year revenues compared to those of 2019

More than 63% of respondents estimate a decrease of revenues by more than 35% for the year 2020 compared to those of 2019.



Estimation of revenues for the year 2020

The majority of industries estimate that revenues for the current year will drop by more than 35% compared to those of 2019.



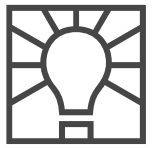
Development of new business lines in the next 2 months

63%

Don’t plan to develop new business lines

31%

Are planning to enter the online market

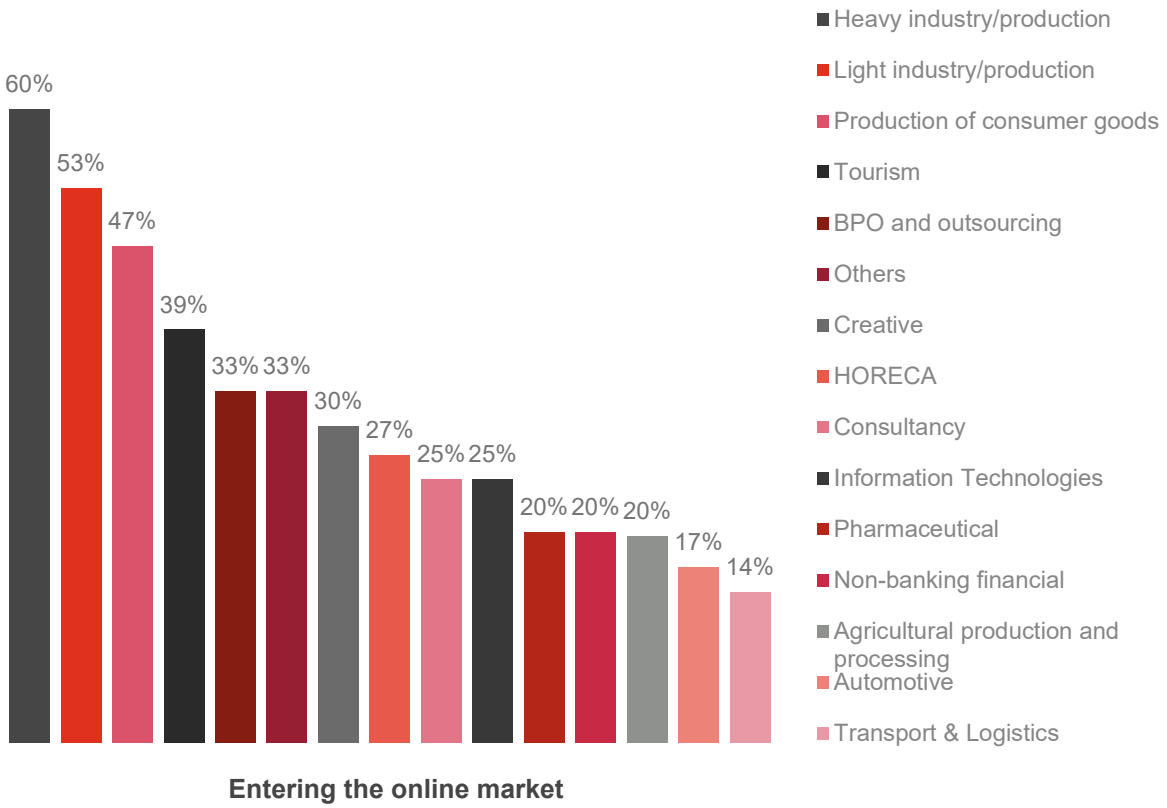


10%

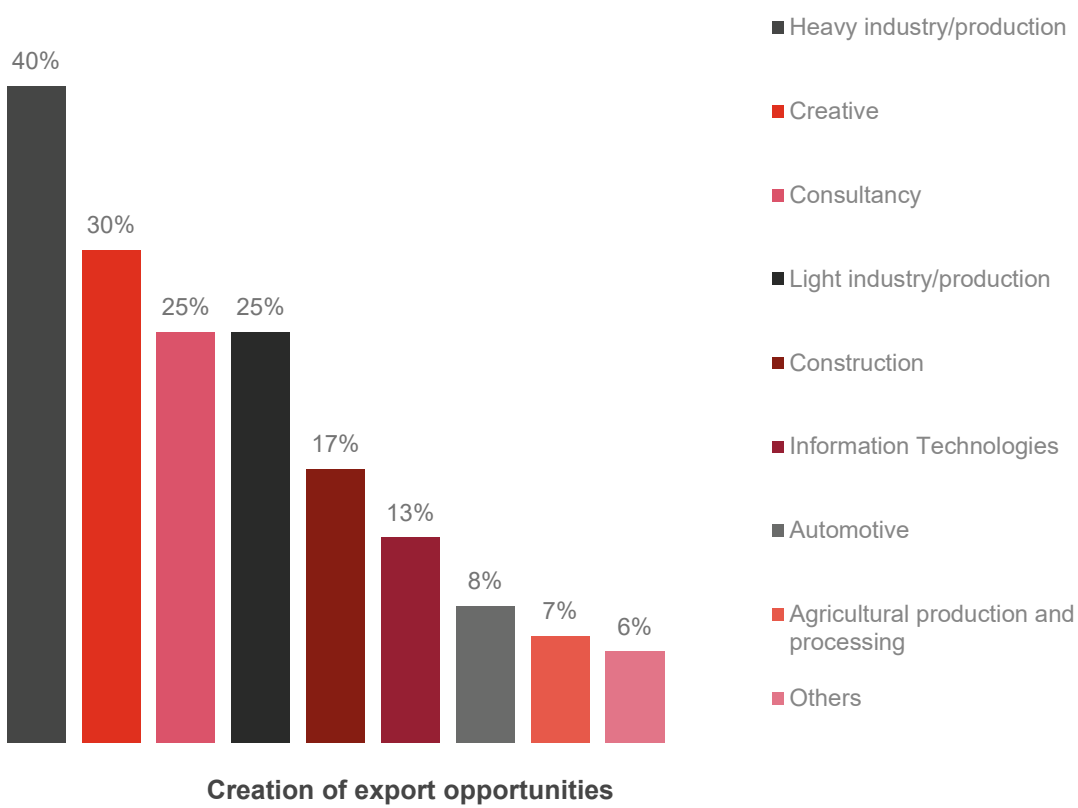
Consider creation of export opportunities

Analysis of possibilities for developing new business lines

Entering the online market is analysed by the companies from the majority of surveyed sectors, while creation of export opportunities is considered only by companies from certain industries.



Entering the online market



Creation of export opportunities

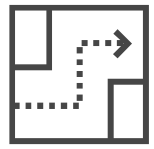
Measures expected to address the economic impact of the COVID-19 pandemic (1/2)

70%

Reducing personnel costs

70%

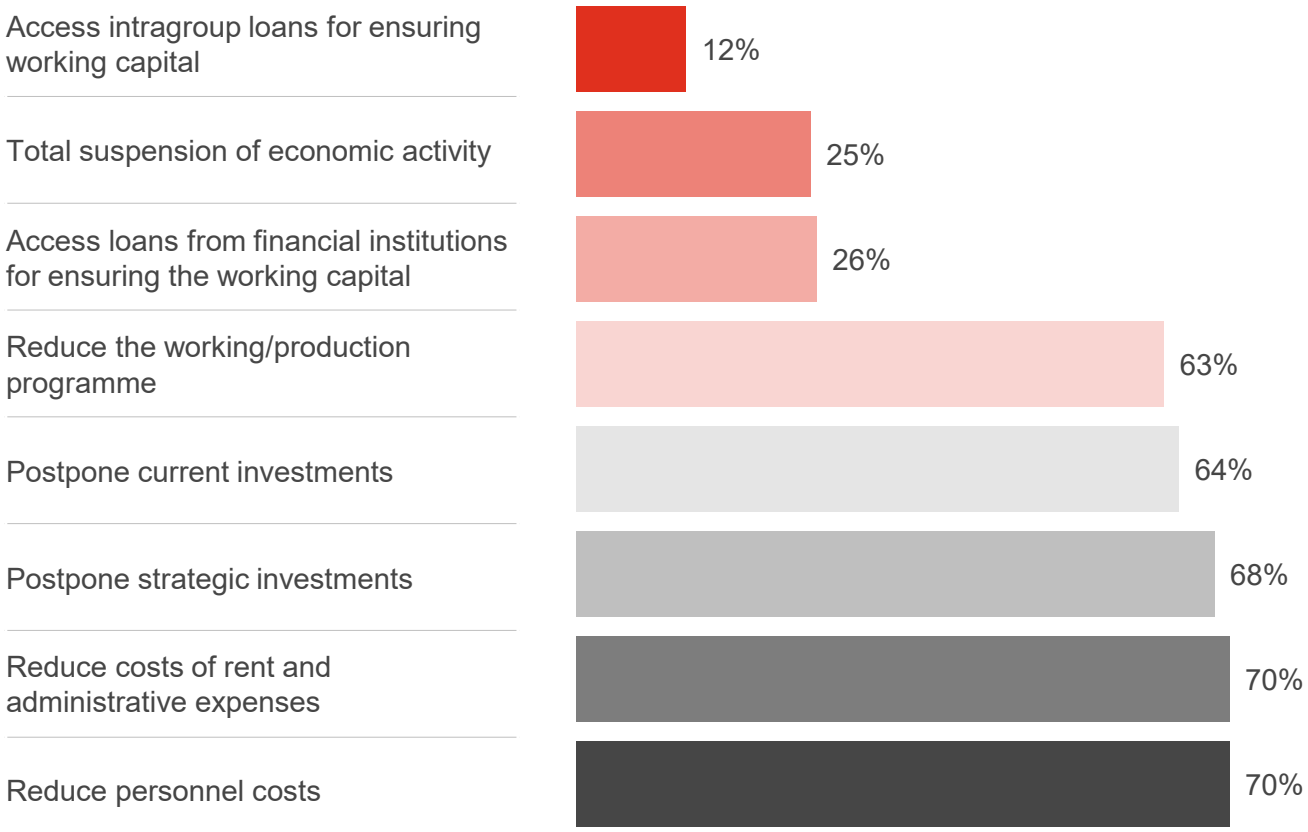
Reducing costs of rent and administrative expenses

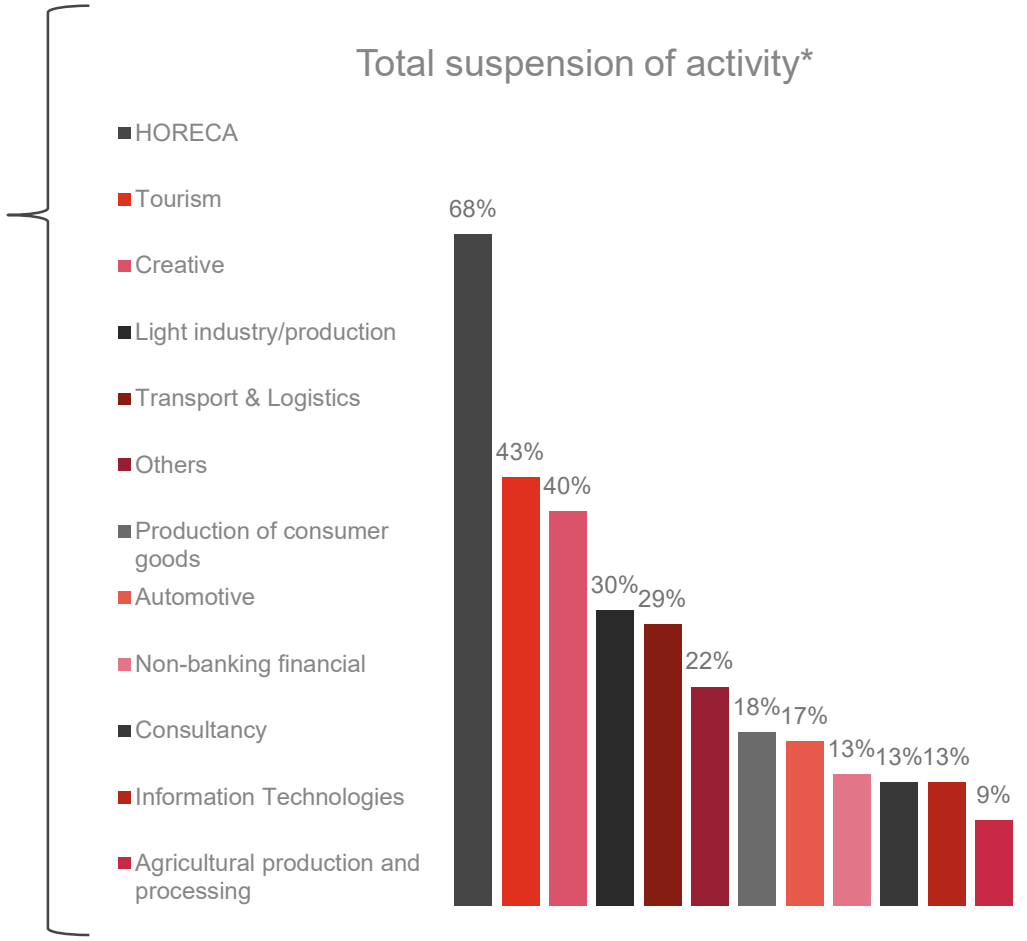


68%

Postponing strategic investments

Measures expected to address the economic impact of the COVID-19 pandemic (2/2)

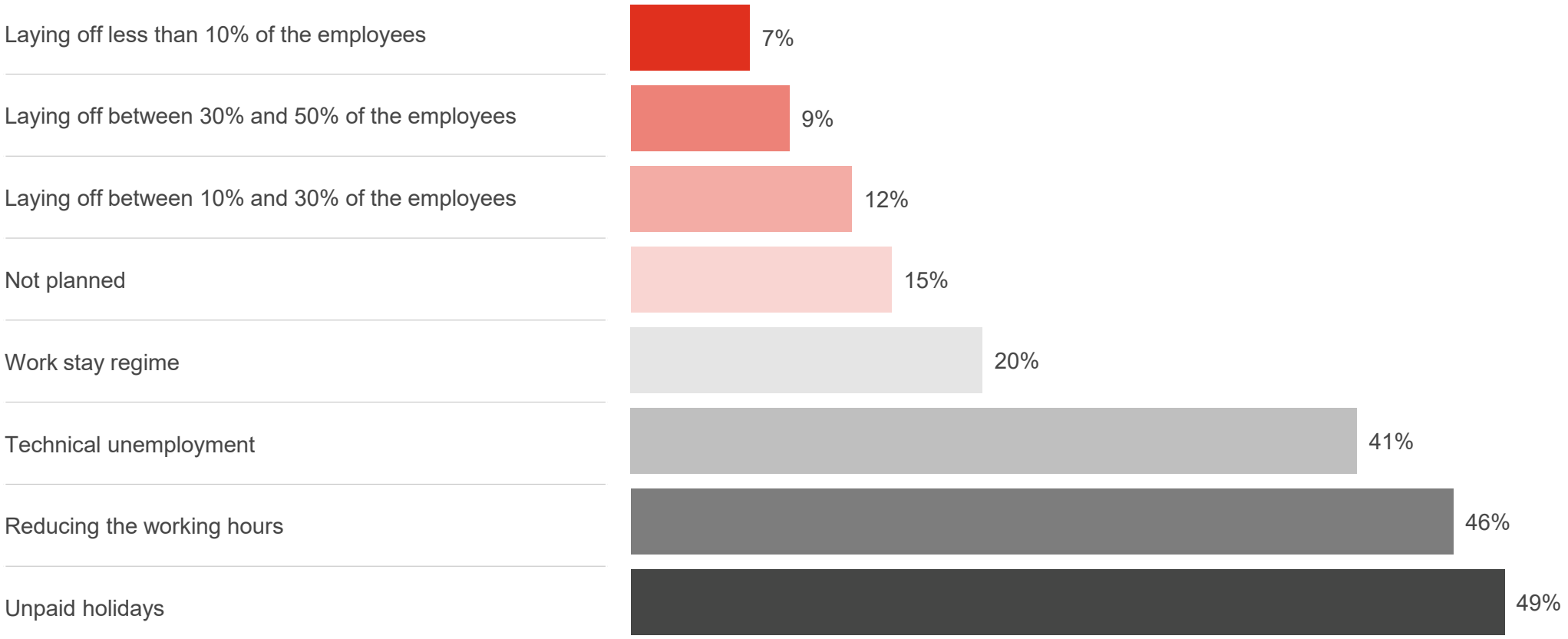




* % from total number of respondents from this industry

Measures planned by companies in order to reduce personnel costs

Reducing personnel costs for the next two months is planned to be done mainly through offering unpaid holidays, reducing the working hours or establishing a technical unemployment work regime.



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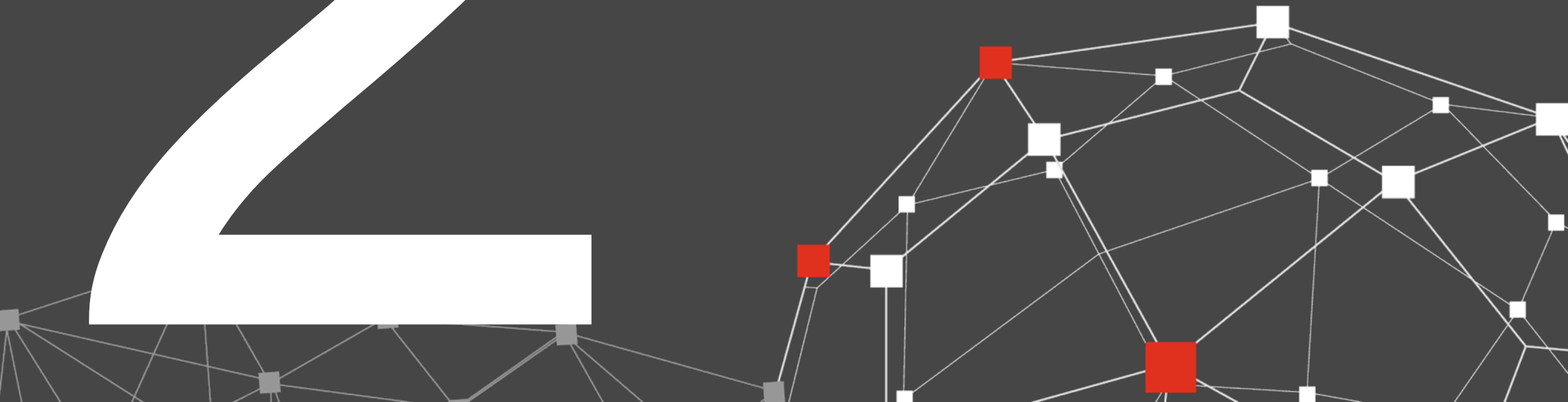
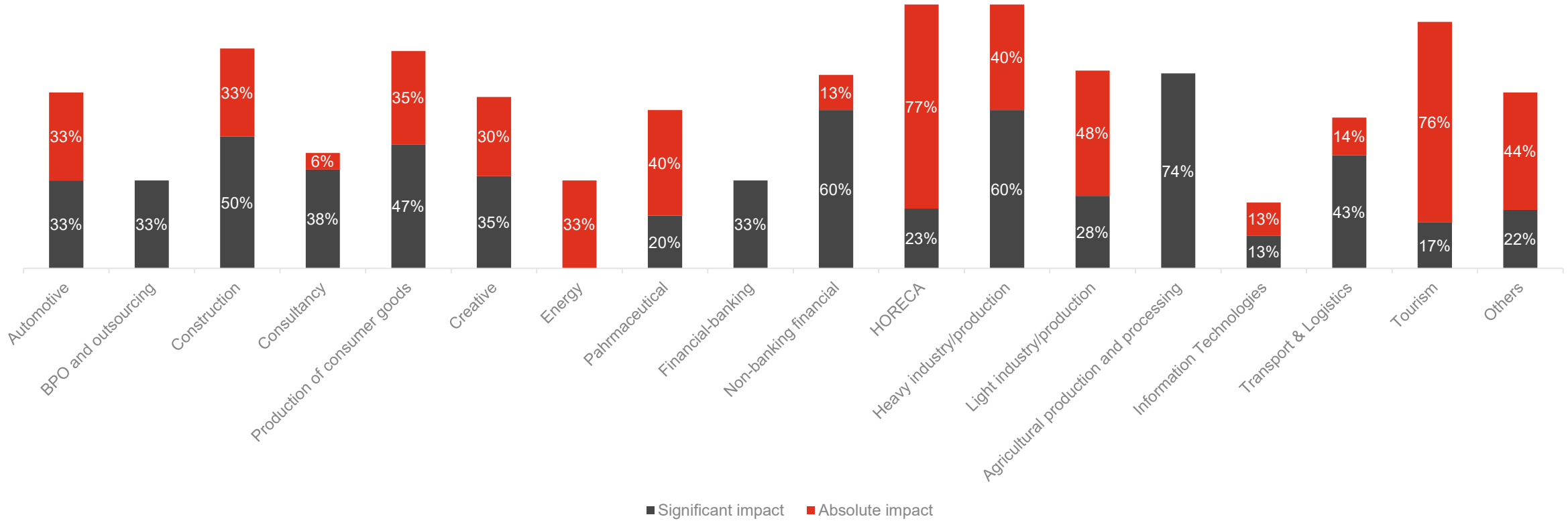
Factors that are negatively affecting the activity of industries according to respondents



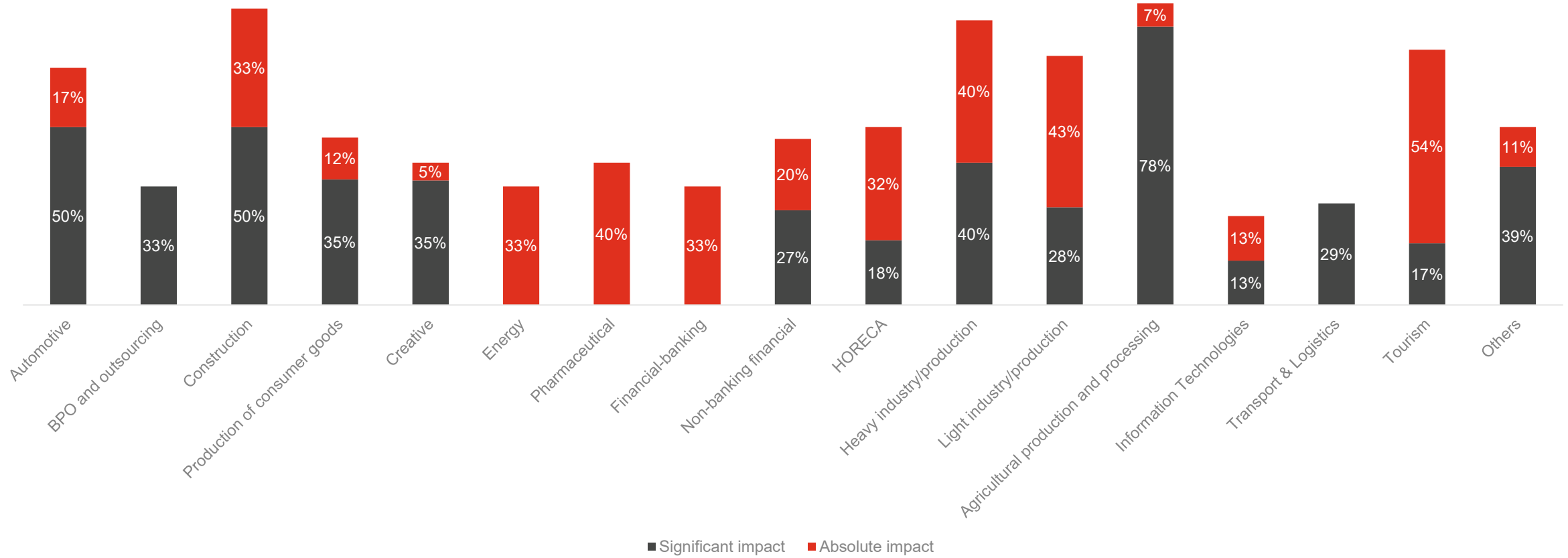
Legal restrictions on performing activity

A total of 77% of respondents from the HORECA industry and 76% from the tourism industry estimate that legal restrictions on performing activity will have an absolute impact on their activity.



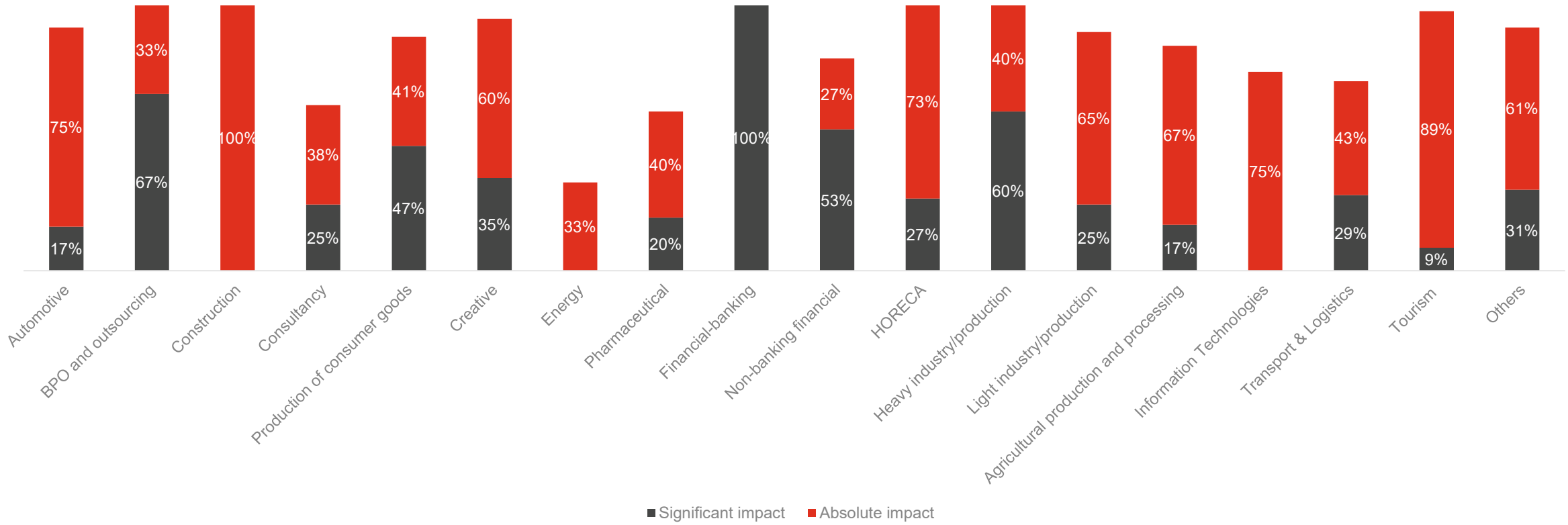
Lack of raw materials and/or logistical disruptions

More than 80% of respondents from the agricultural production and processing industry, construction and heavy industries estimate that the lack of raw materials will have a significant impact on their activity.



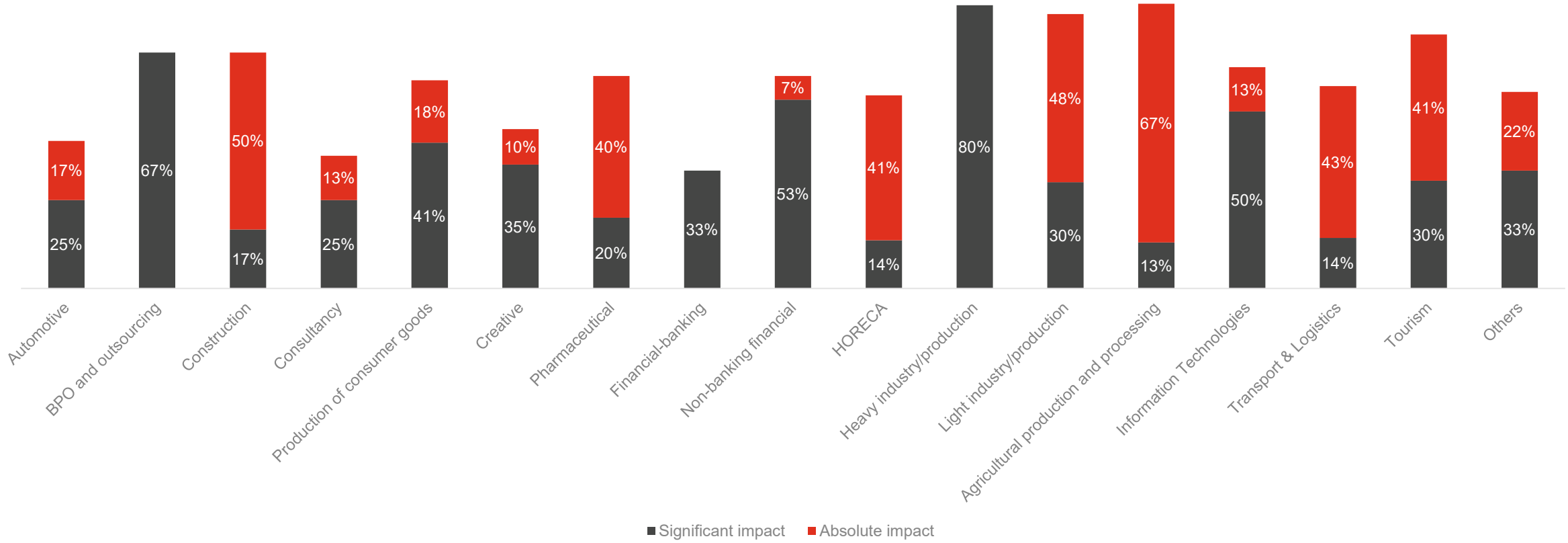
Decreased demand for goods and services

All respondents from the financial-banking, BPO and outsourcing, heavy and construction industries estimate that the decrease of demand for goods and services will have a significant or absolute impact on their activity.



Lower employee productivity

From the heavy industry and agricultural production and processing industry, 80% of respondents estimate that lower employee productivity will have a significant impact on their company's activity.



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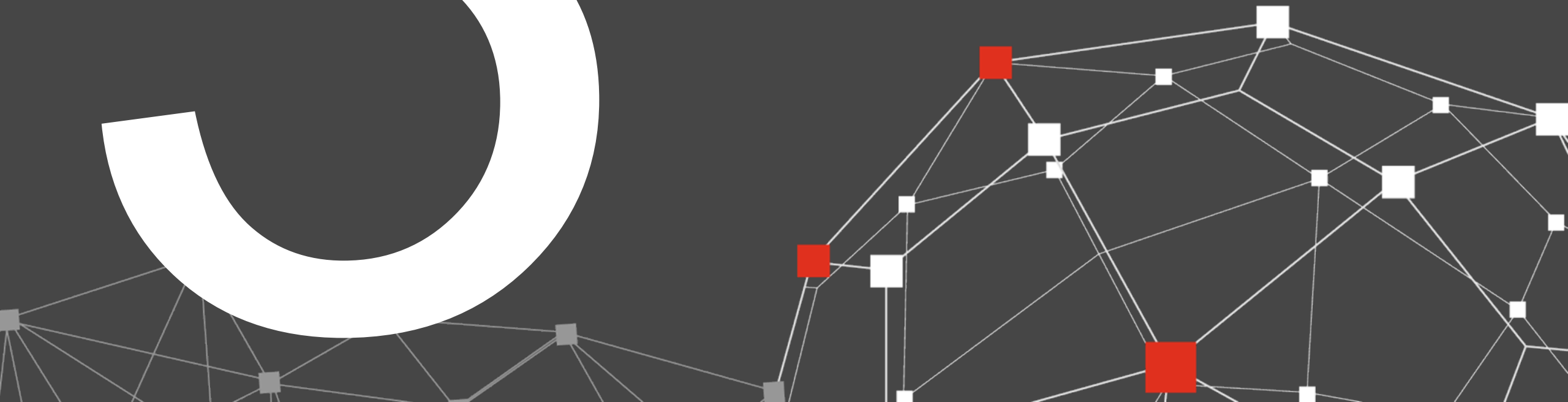
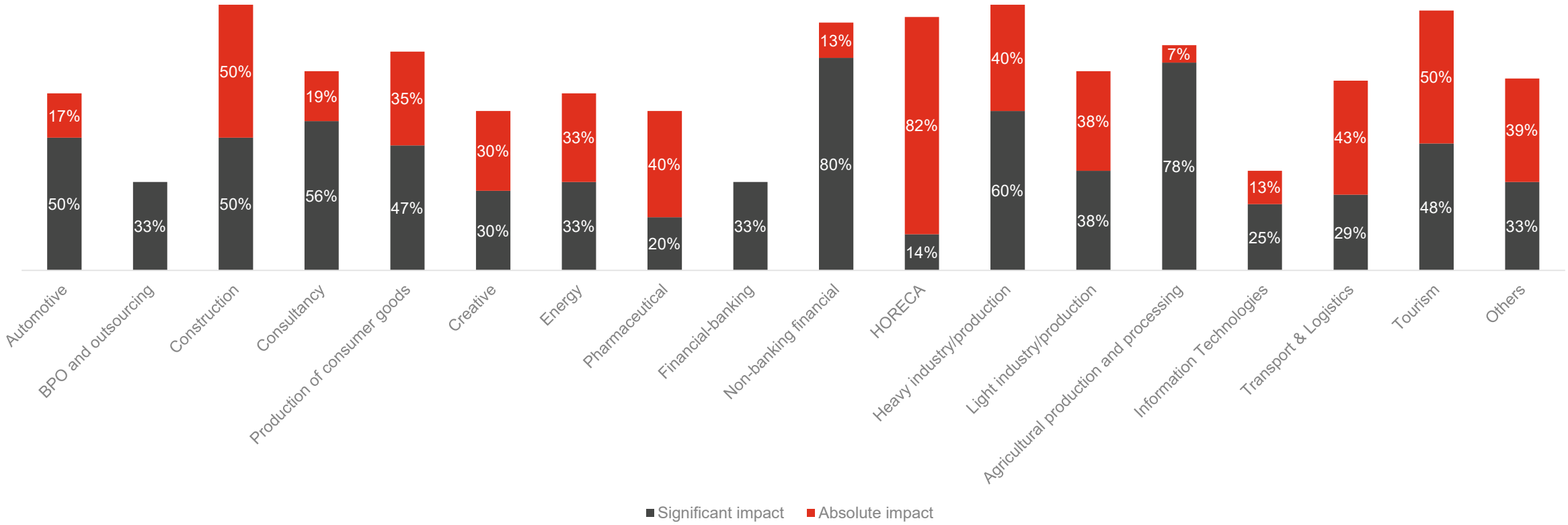
Challenges anticipated by industries in the next 2-5 months



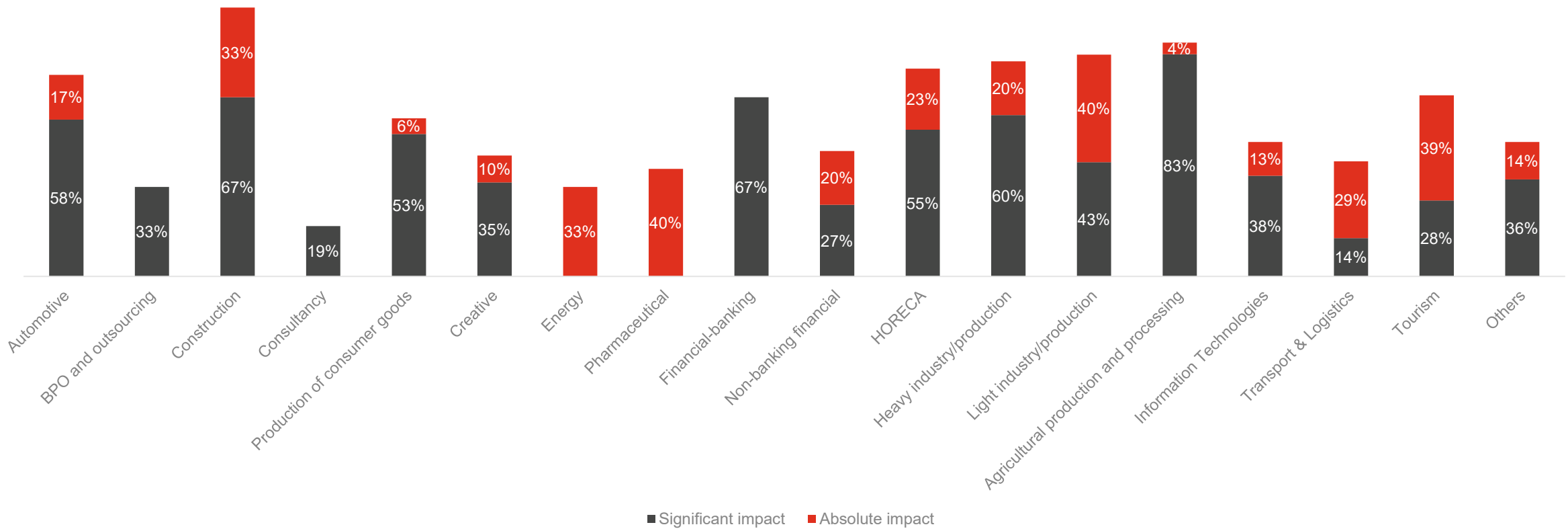
Legal restrictions on performing activity

Almost all respondents from the construction industry, HORECA, heavy industry, tourism industry and financial-banking industry estimate that legal restrictions on performing activity will have a significant impact on their activity in the next 2-5 months.



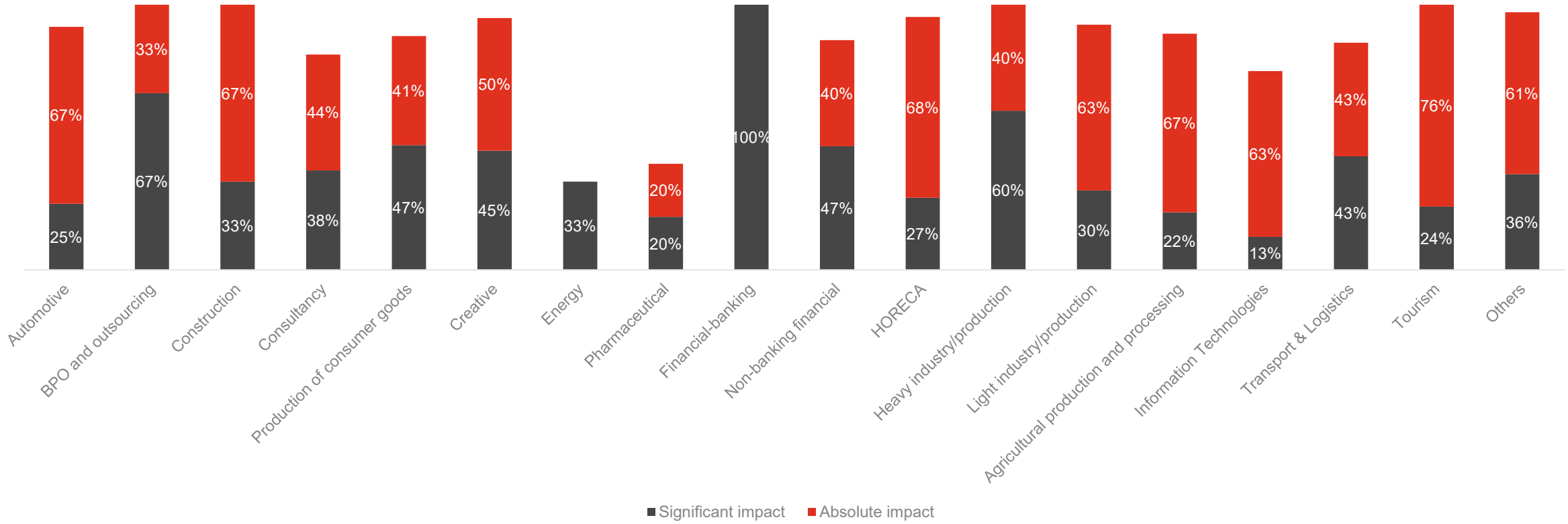
Lack of raw materials and/or logistic disruptions

Respondents from almost all industries estimate that the lack of raw materials will have a more significant impact on their activity in the next 2-5 months, rather than an immediate effect.



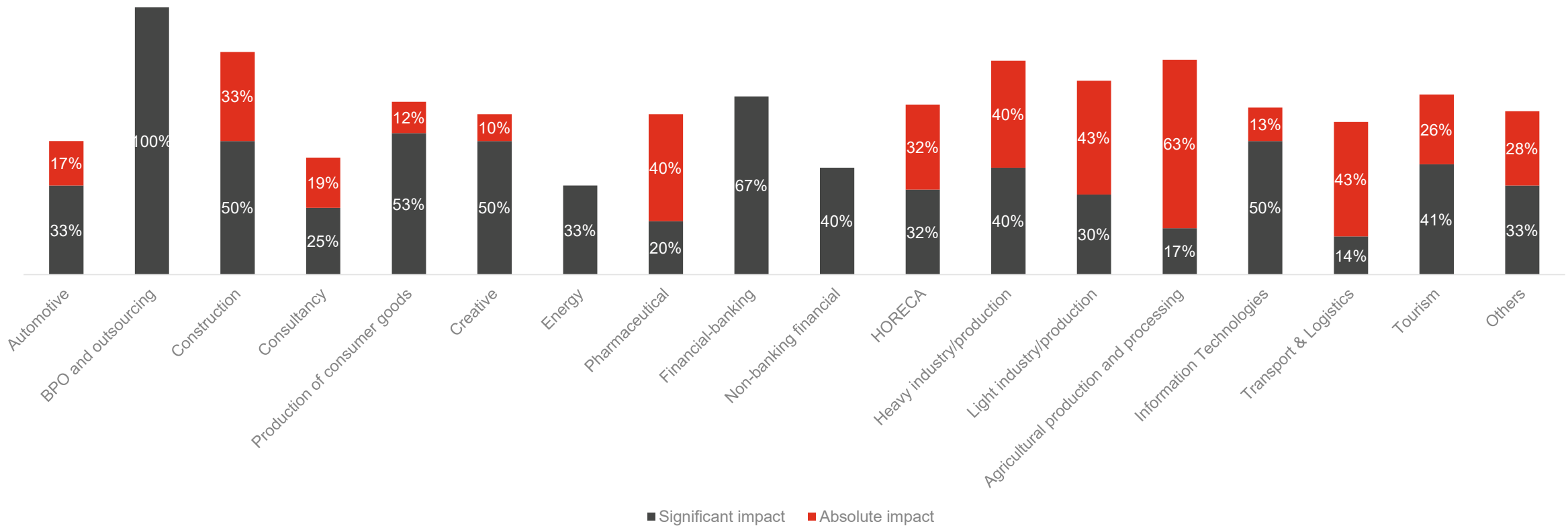
Decrease of demand for goods/services

Almost all respondents estimate continuous negative and significant impact on their activity due to decreased demand for goods and services in the next 2-5 months. The most affected industries are financial-banking, BPO and outsourcing, heavy industry, construction and the tourism industry.



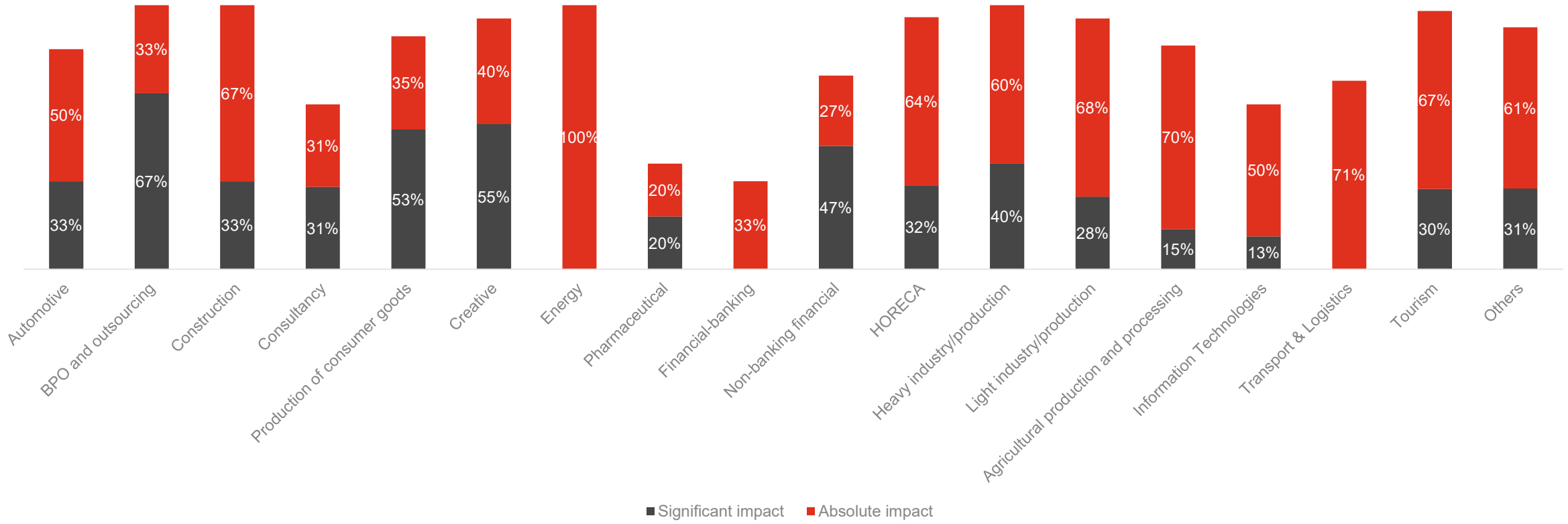
Lower employee productivity

All respondents from the BPO and outsourcing industry estimate that lower employee productivity in the next 2-5 months will have a significant impact on their company's activity.



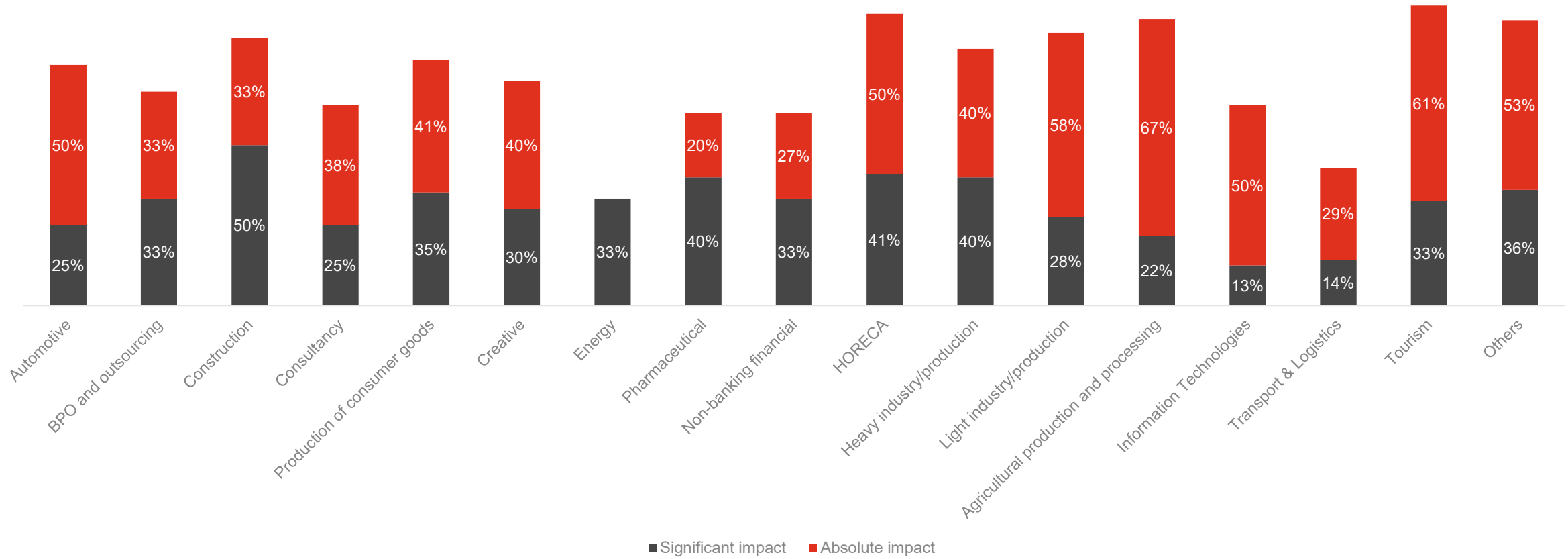
Lack of working capital

All respondents from the energy industry, BPO and outsourcing industry, heavy and construction industries estimate that in the next 2-5 months a lack of working capital will have a significant negative impact on their activity.



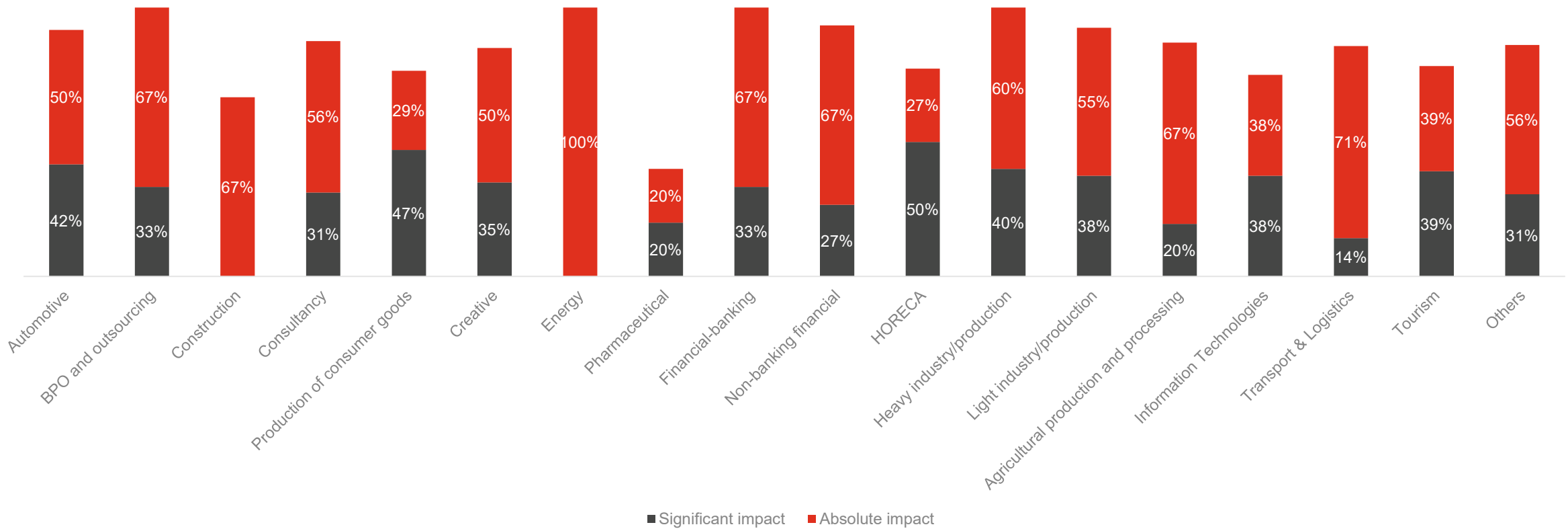
Maintaining the employees

More than 90% of respondents from the HORECA industry, agricultural production and processing industry and tourism industry consider that maintaining the employees will be a challenge with significant impact in the next 2-5 months.



Delays in collection of issued invoices

All respondents from the energy industry, BPO and outsourcing industry, heavy and financial-banking industries estimate that in the next 2-5 months collection of issued invoices will take place with delays.



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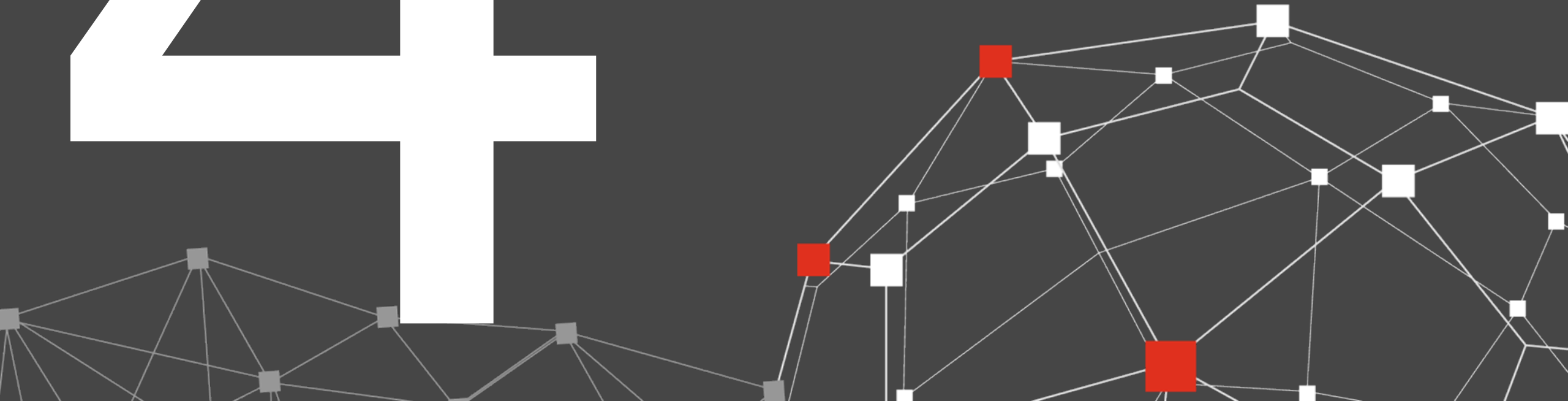
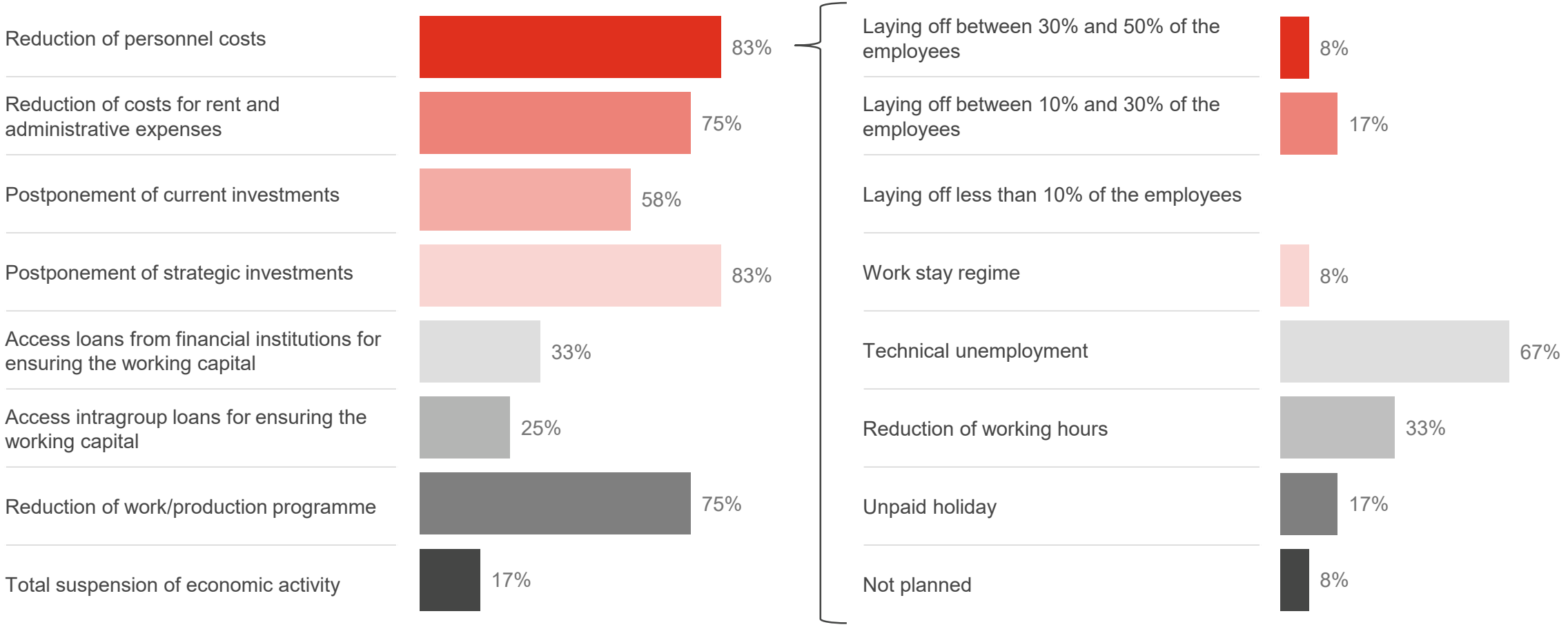
Measures planned by the respondent companies to address the economic impact of the COVID-19 pandemic



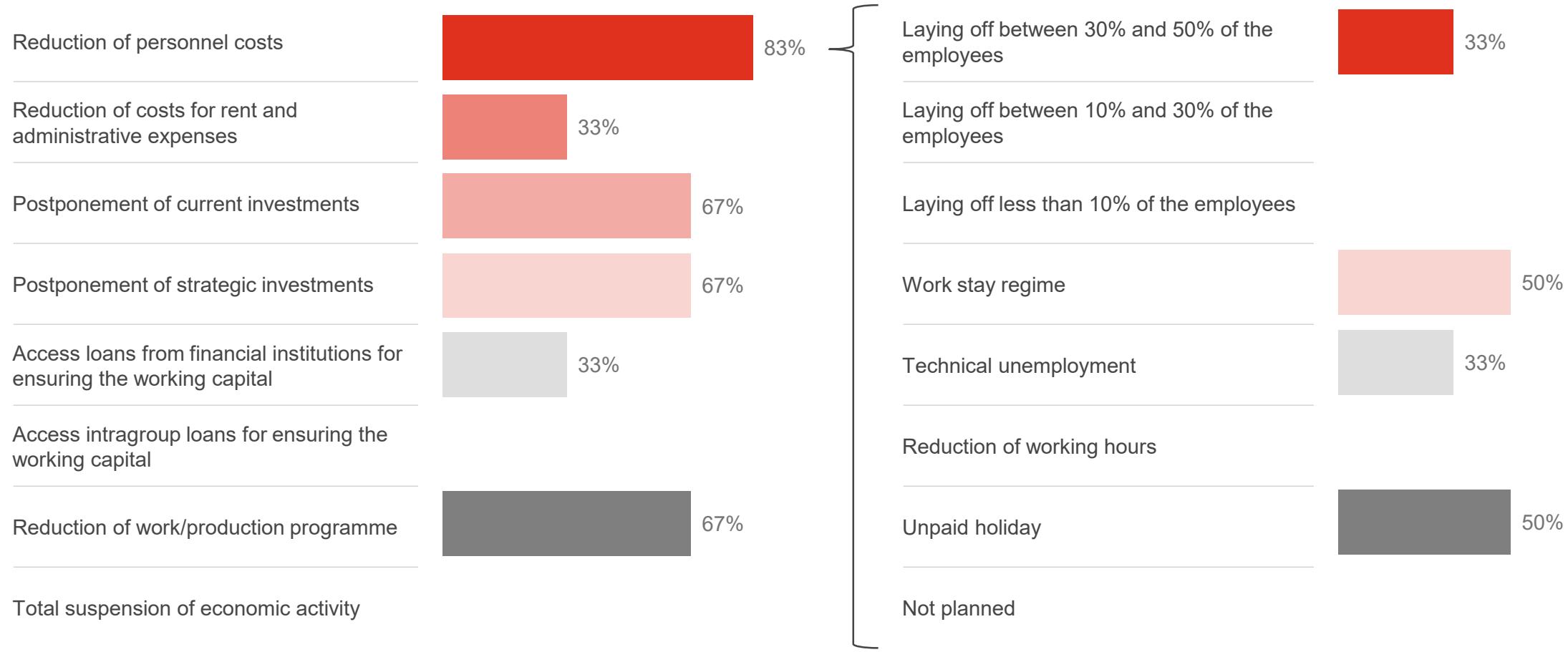
Automotive industry

Measures for reducing the costs, including personnel costs, considered by the respondents:



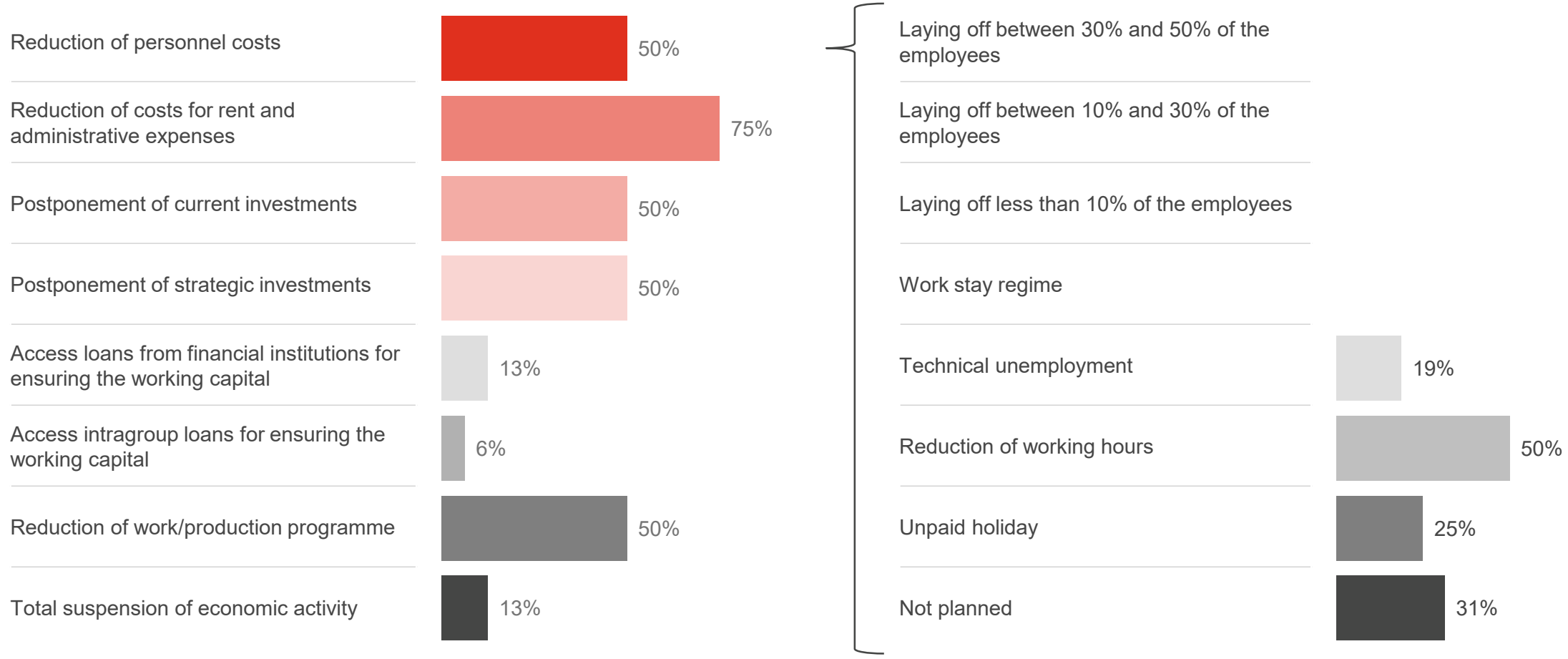
Construction industry

Measures for reducing the costs, including personnel costs, considered by the respondents:



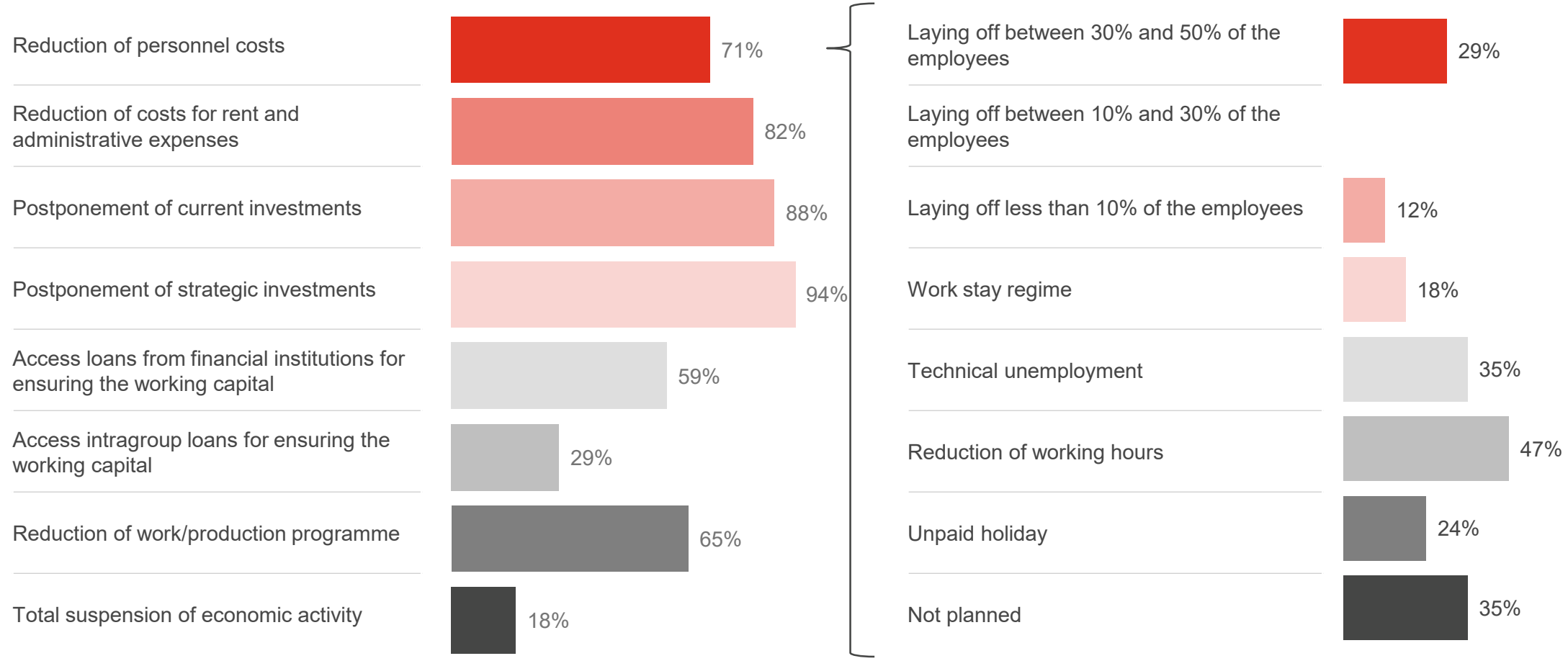
Consultancy industry

Measures for reducing the costs, including personnel costs, considered by the respondents:



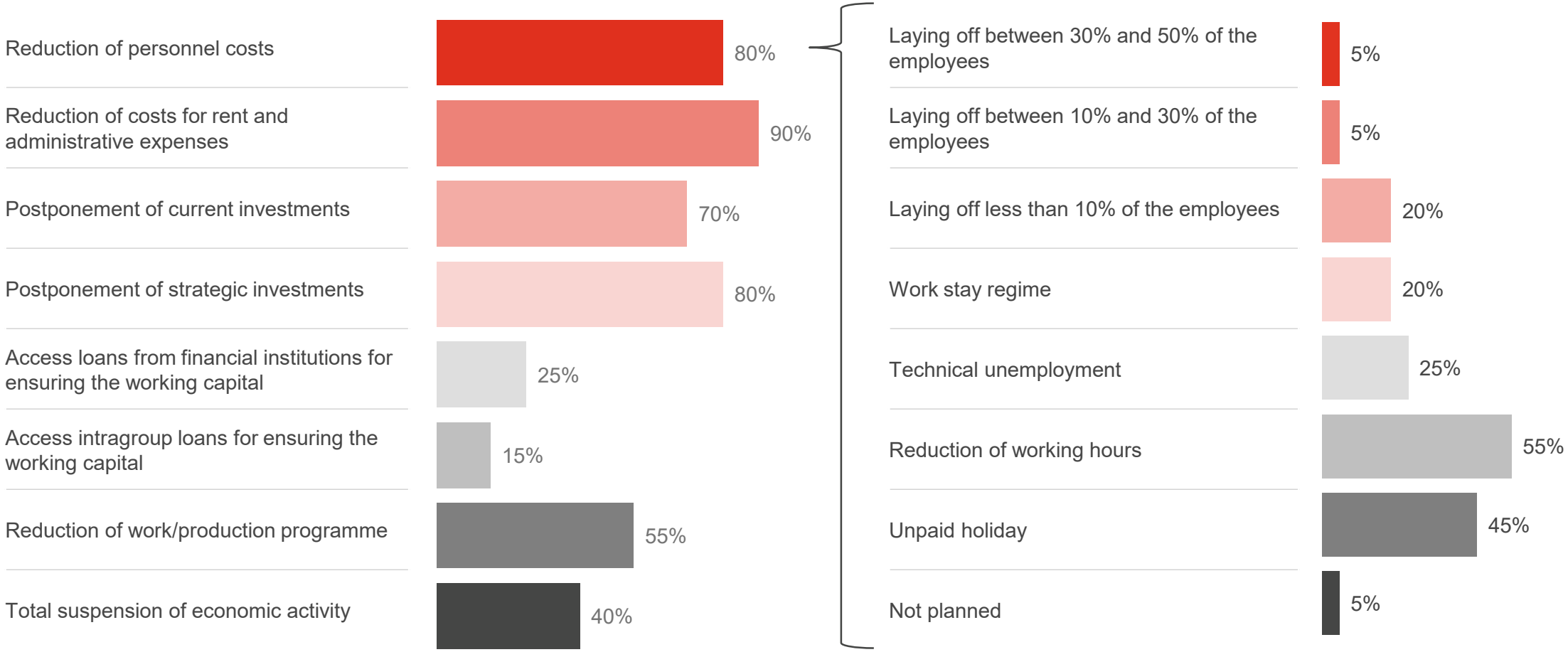
Production of consumer goods industry

Measures for reducing the costs, including personnel costs, considered by the respondents:



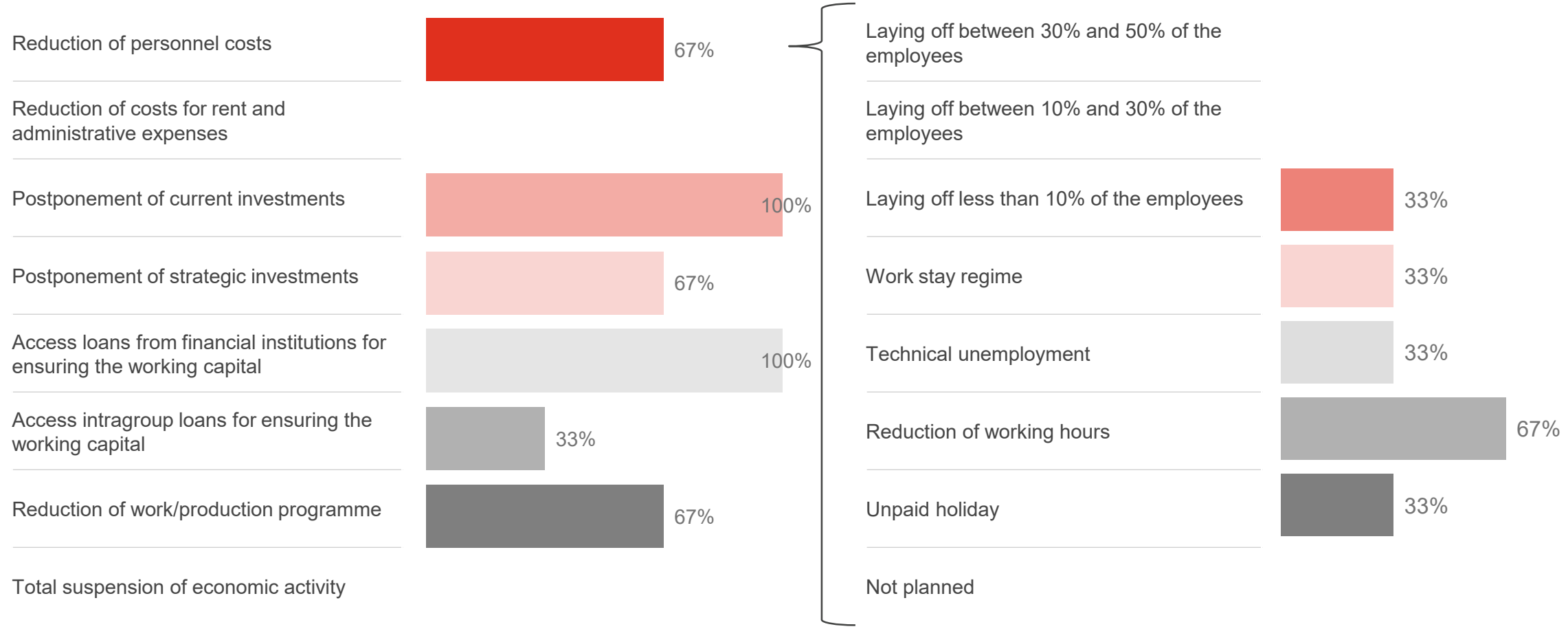
Creative industry

Measures for reducing the costs, including personnel costs, considered by the respondents:



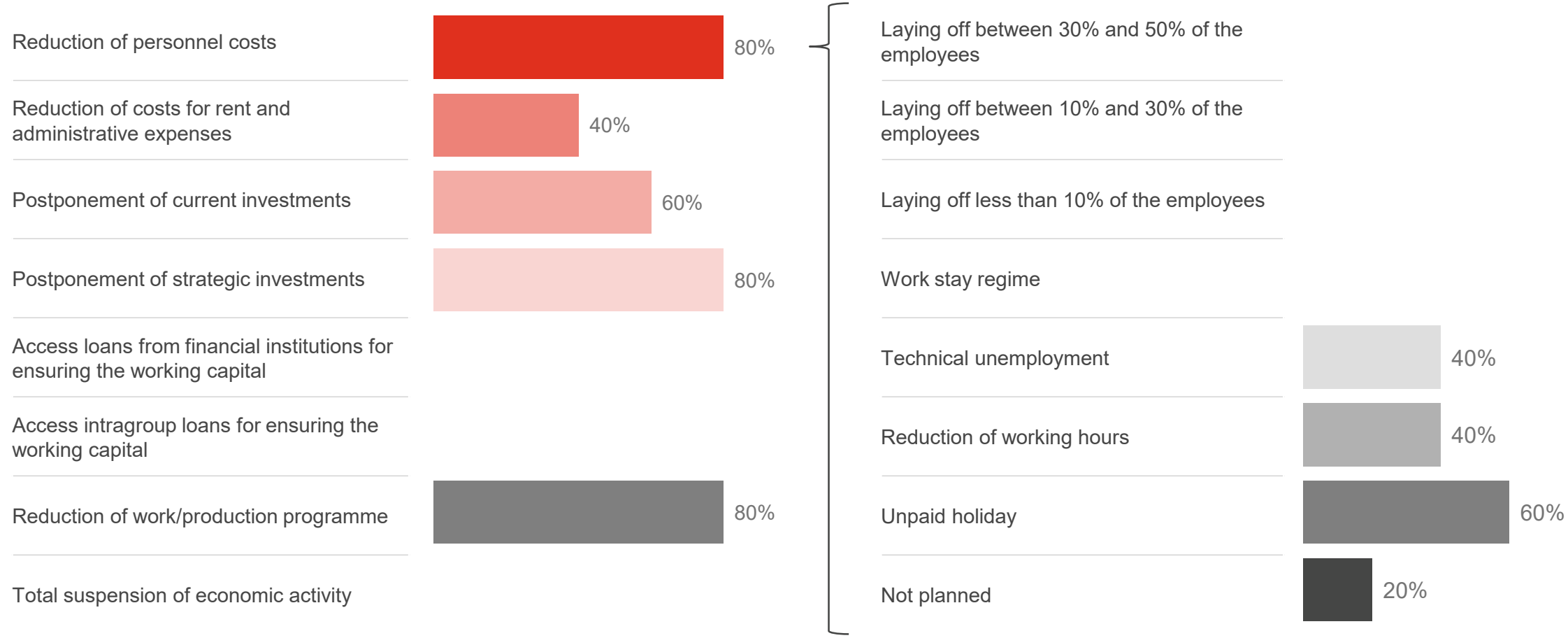
Energy industry

Measures for reducing the costs, including personnel costs, considered by the respondents:



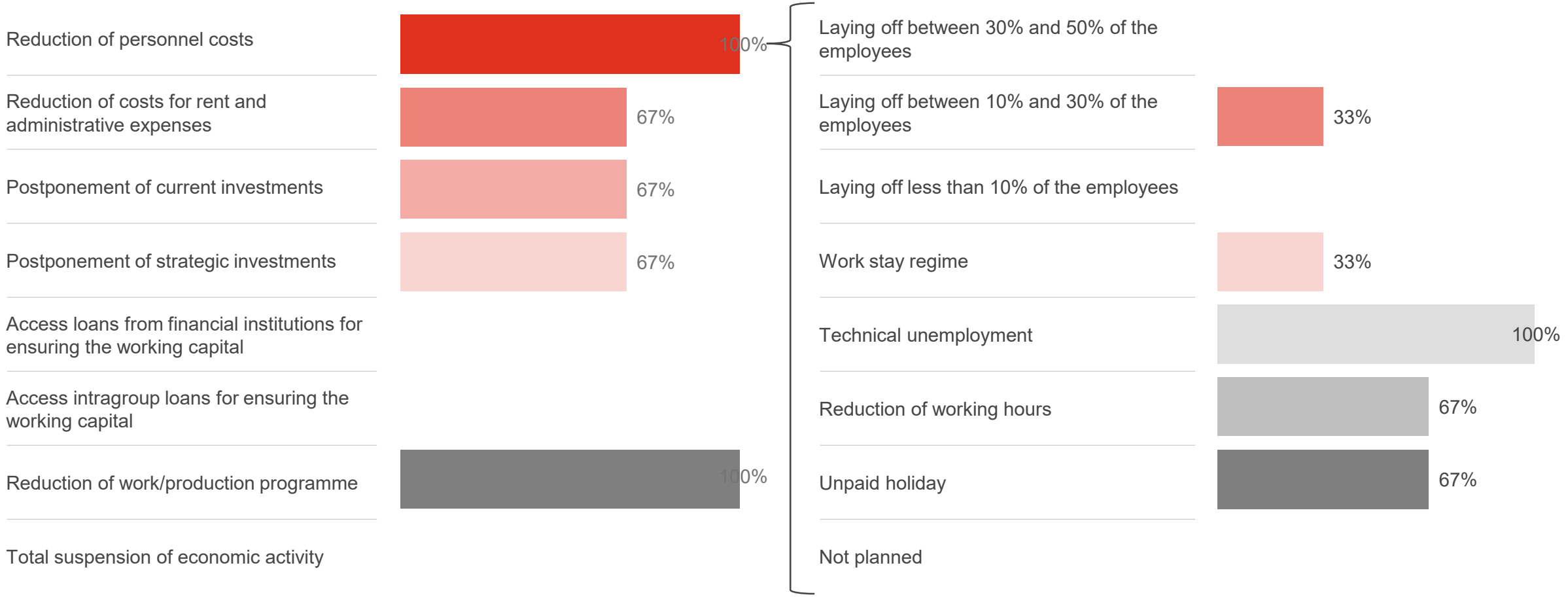
Pharmaceutical industry

Measures for reducing the costs, including personnel costs, considered by the respondents:



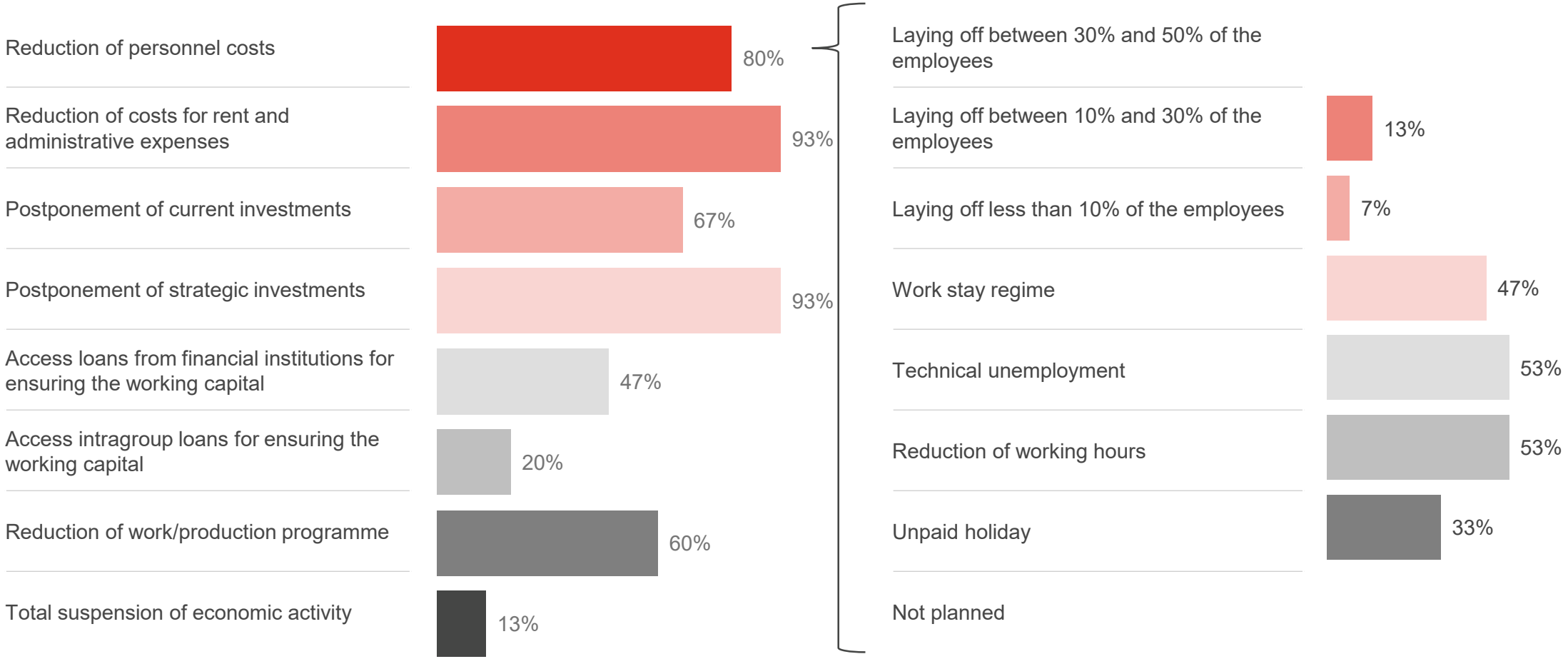
Financial-banking industry

Measures for reducing the costs, including personnel costs, considered by the respondents:



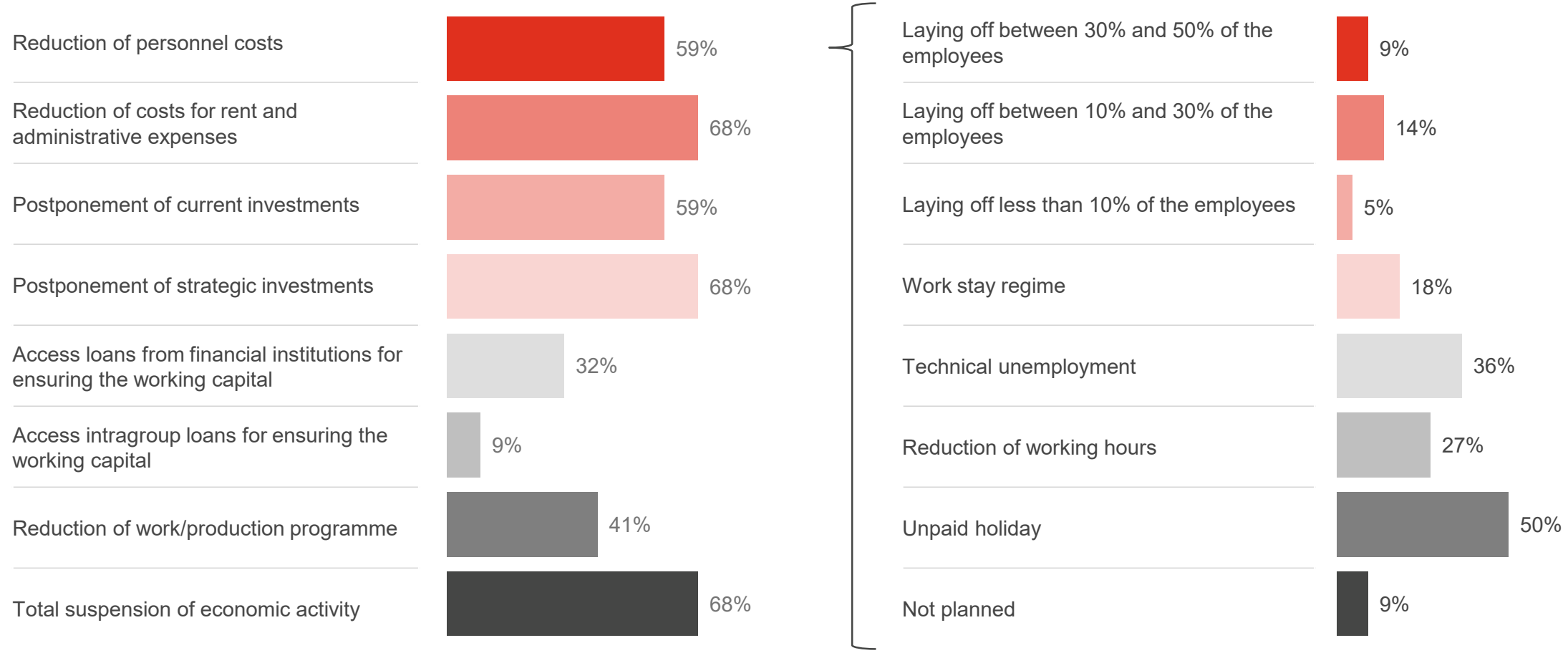
Non-banking financial industry

Measures for reducing the costs, including personnel costs, considered by the respondents:



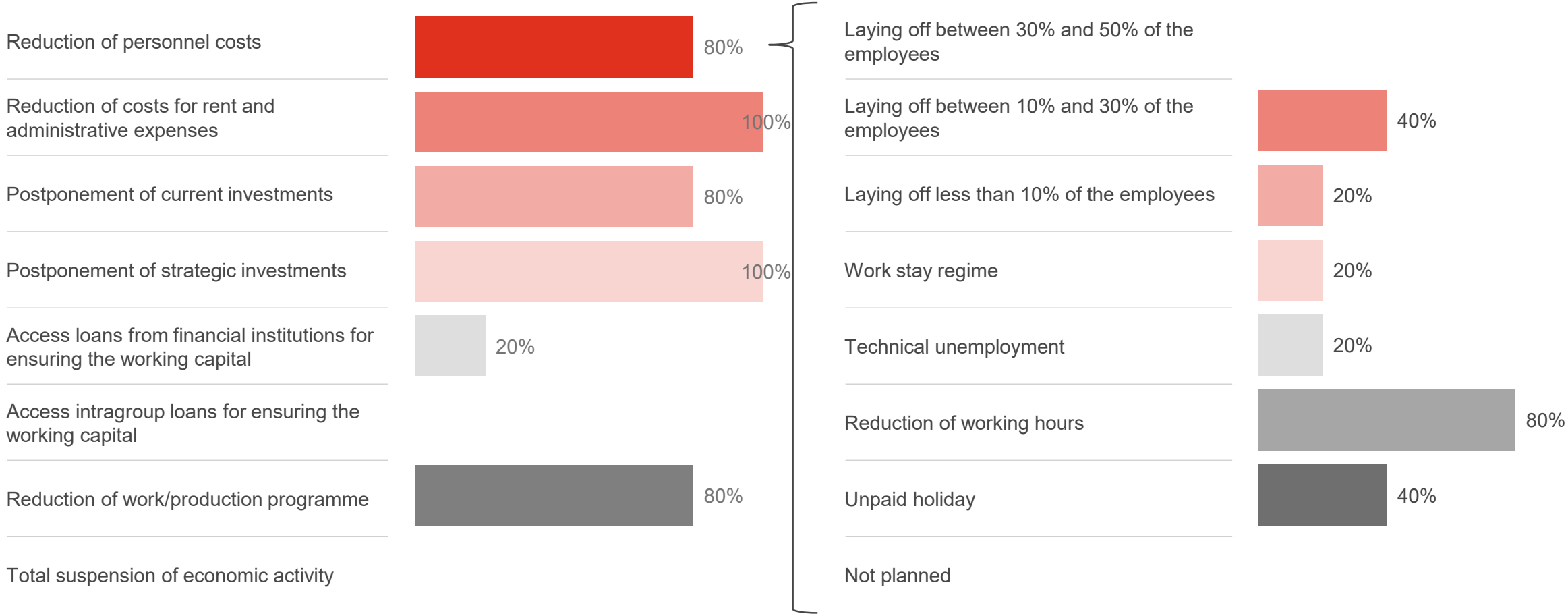
HORECA industry

Measures for reducing the costs, including personnel costs, considered by the respondents:



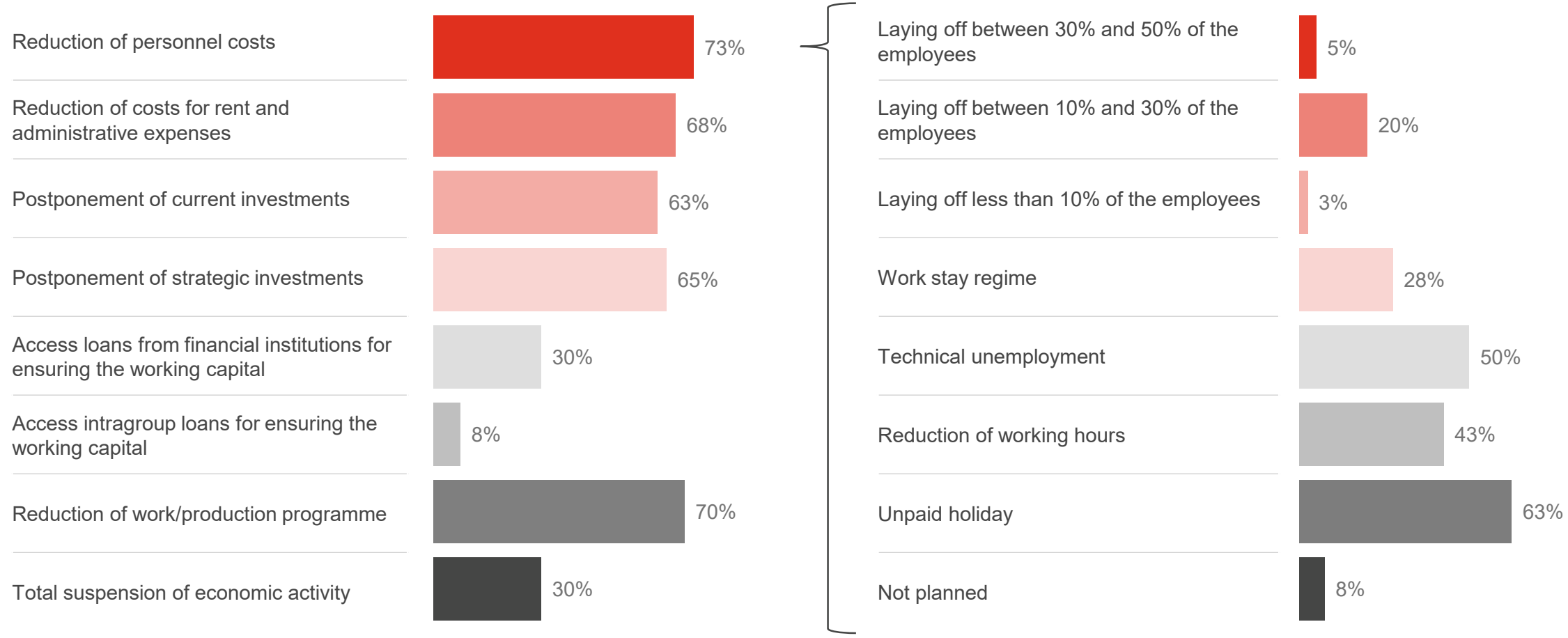
Heavy industry/production

Measures for reducing the costs, including personnel costs, considered by the respondents:



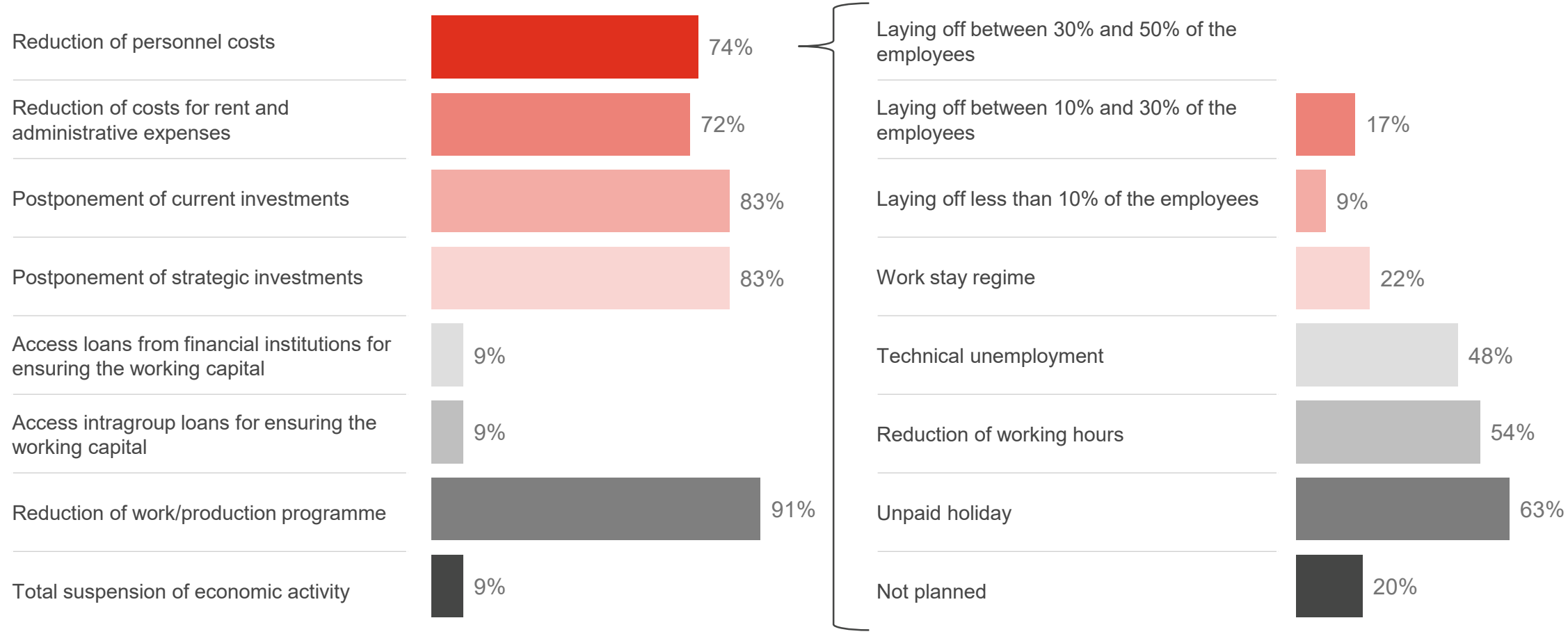
Light industry/production

Measures for reducing the costs, including personnel costs, considered by the respondents:



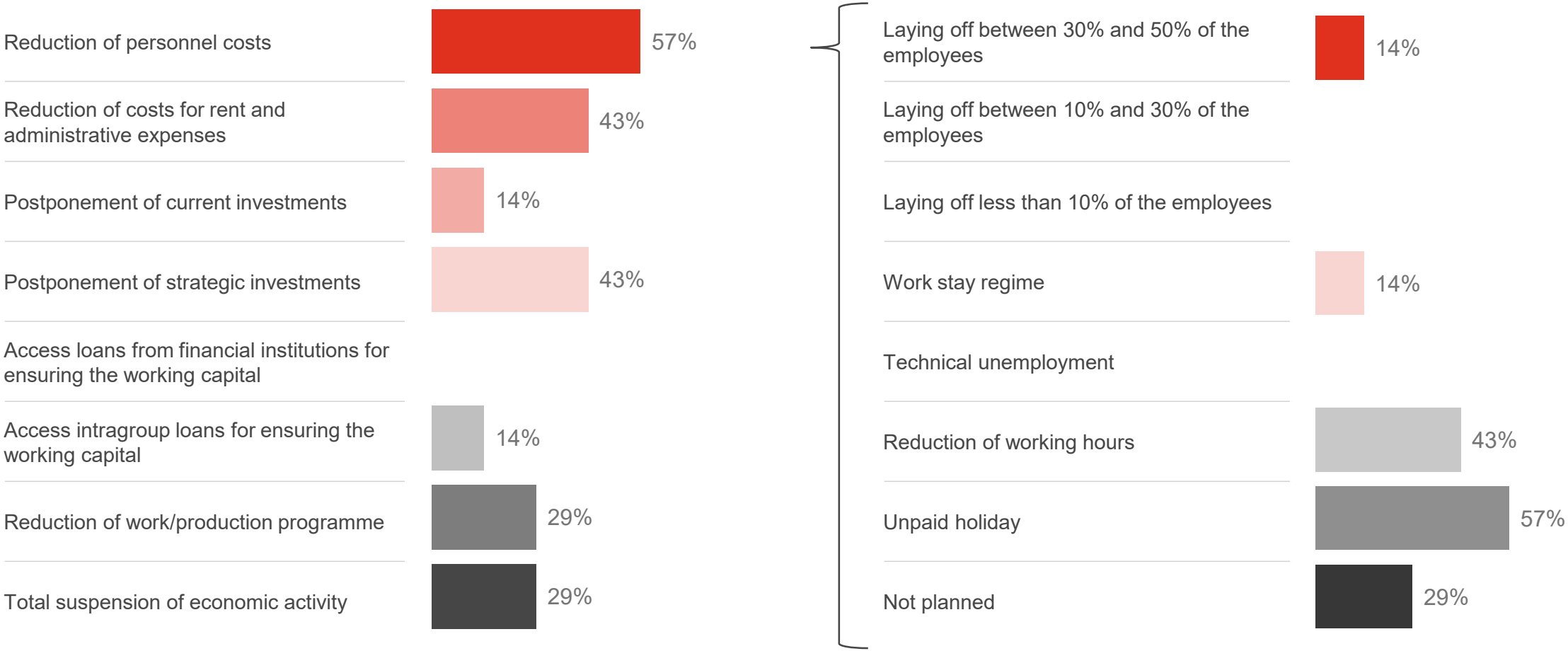
Agricultural production and processing

Measures for reducing the costs, including personnel costs, considered by the respondents:



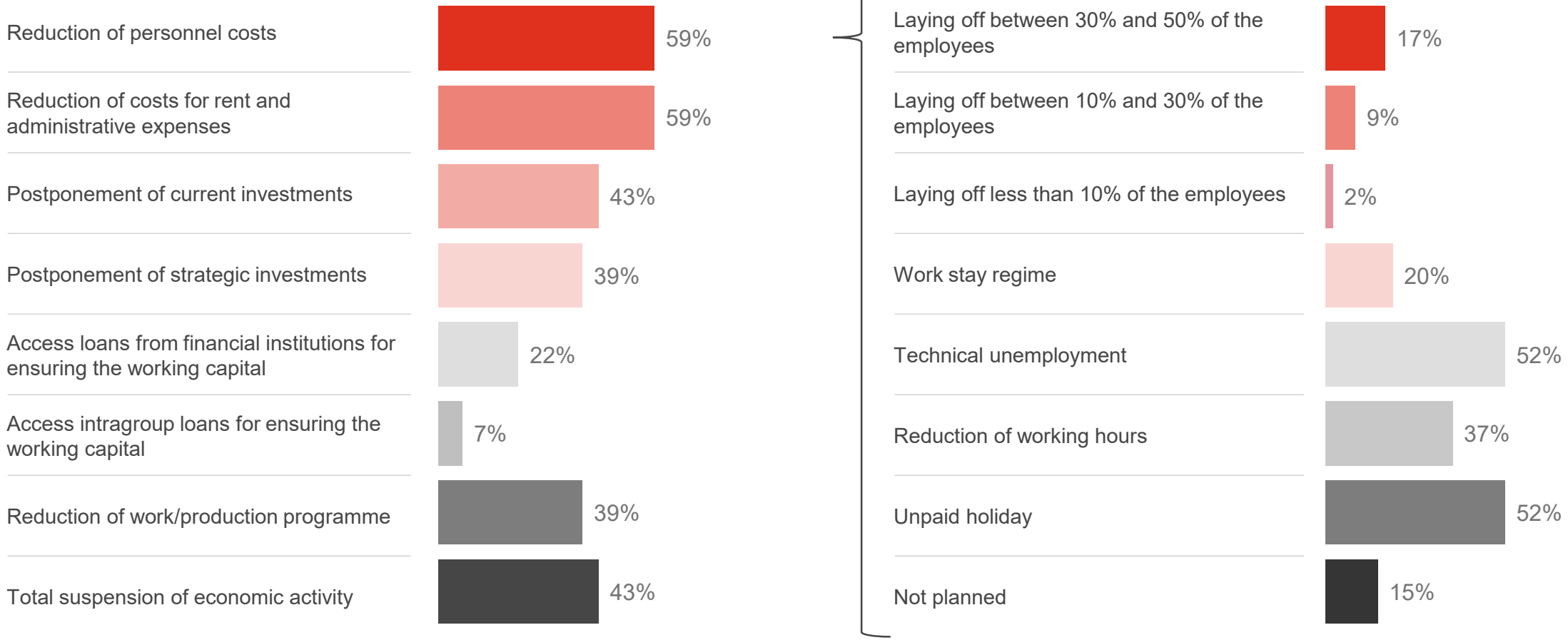
Transport & logistics industry

Measures for reducing the costs, including personnel costs, considered by the respondents:



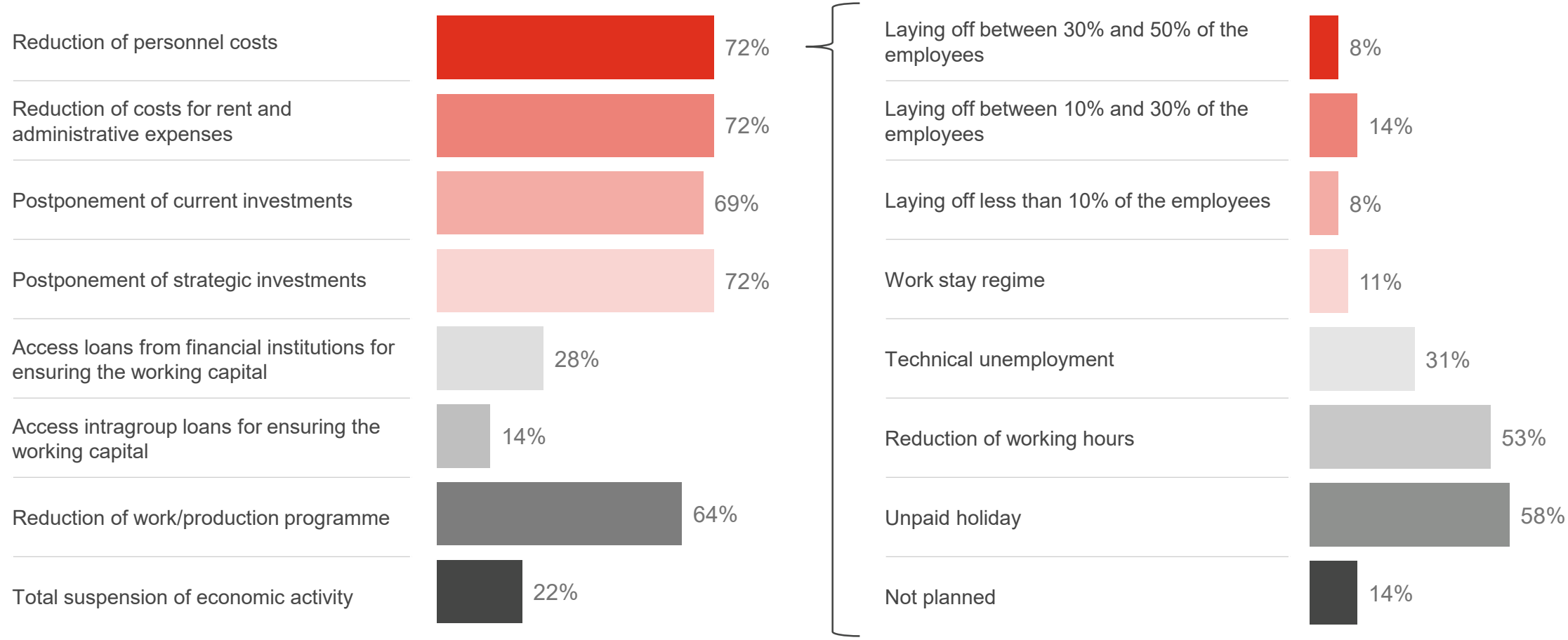
Tourism industry

Measures for reducing the costs, including personnel costs, considered by the respondents:



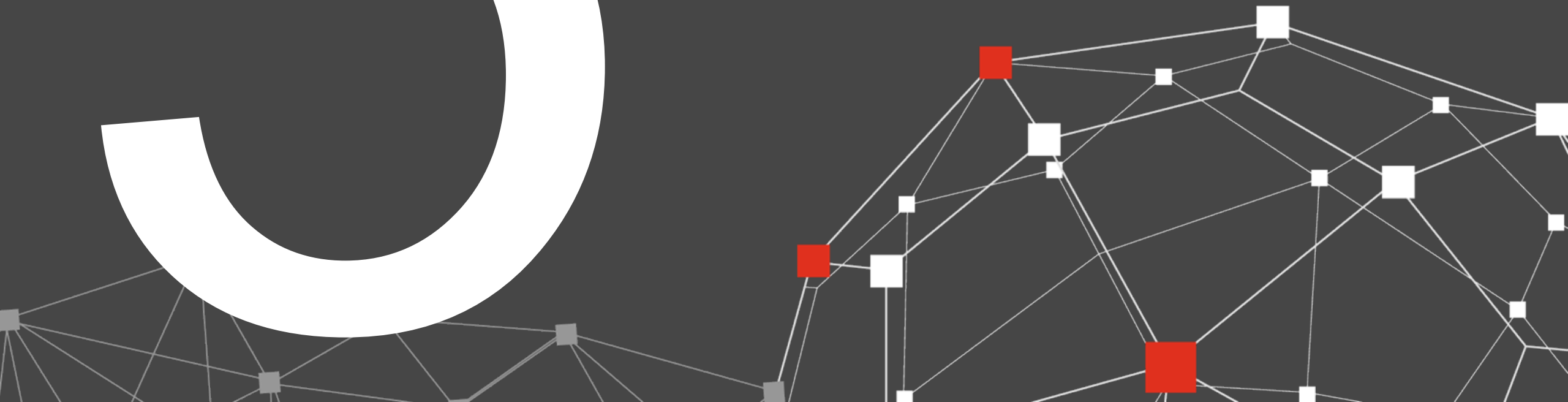
Other industries

Measures for reducing the costs, including personnel costs, considered by the respondents:

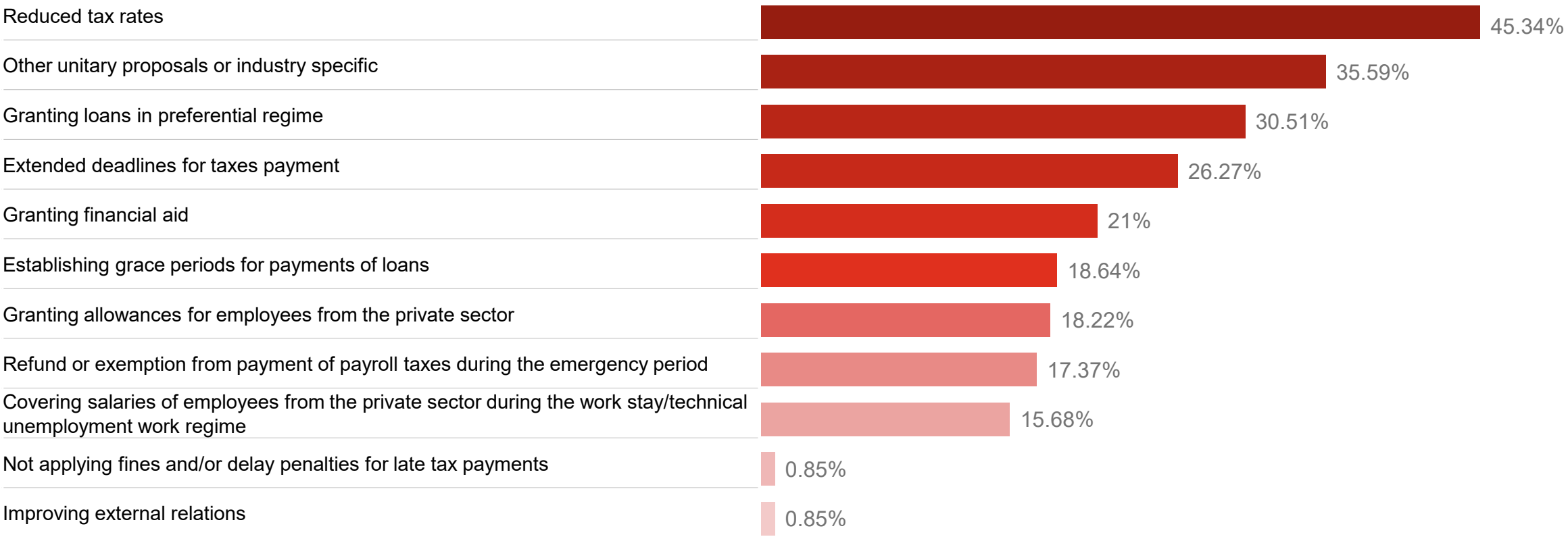


5

Respondents' proposals



Respondents' proposals for state intervention that will assist companies in the process of overcoming the economic crisis generated by the COVID-19 pandemic



** % from 236 processed answers*

Tax proposals for overcoming the economic crisis generated by the COVID-19 pandemic

Proposed measure	Number of respondents who support it
Postpone deadlines for tax payments related to the year 2020 (payment in instalments of the taxes for the year 2020 and/or not applying fines and penalties for delayed payment of all taxes during the year 2020 for at least 6 months from the duty date)	48
Reduced payroll tax rates (or total exemption) for companies which will continue to pay salaries to their employees during this period (not a subsidy/refund of those)	38
Cancelling the payment liability for all taxes related to the emergency period or during the emergency period, as well as during the following tax periods (3-6 months)	33
Postpone payment of corporate income tax for the year 2019, until the IV quarter of 2020	23
Cancelling payment liability (or exemption) with regard to corporate income tax for the year 2020	11
Reduce the VAT tax rate to 10% to support local manufacturers/services providers	8
Lower the tax burden (advance VAT payment for imports, other payments related to the import duties) for a longer period of time (at least 6 months)	6
Offer reductions (incentives) for payment of taxes	4

Proposed measure	Number of respondents who support it
Applying a nil tax rate on profits reinvested during both 2020 and 2021	4
Cancel the payment liability for all taxes, including payroll taxes for 6 months	3
Applying VAT exemptions for 2020 on strategic supplies during the crisis period	3
Cancel the payroll taxes	2
Refund of payroll taxes	2
Acceleration of VAT refunds owed to companies	2
Establish a moratorium on controls for the periods after the emergency state	1
Apply an exemption on local taxes	1
Reducing or cancelling the 4% tax rate on income gained from the operational activity during 2020	1
Reintroduce the exemption for taxation with social security contributions of meal tickets	1
Cancel the 2,5% tax rate on sales of mobile telephony services	1

Proposals from respondent companies

“Performing a more rigorous control over the state authorities (police/inspections) for non-admitting unjustified pressures over the active business activities that are within the law, exceeding the regulations provided by the Commission for Exceptional Situations, and obstructing performance of production and/or other auxiliary activities that are strictly necessary (catering and personal transport).”
Light industry/production

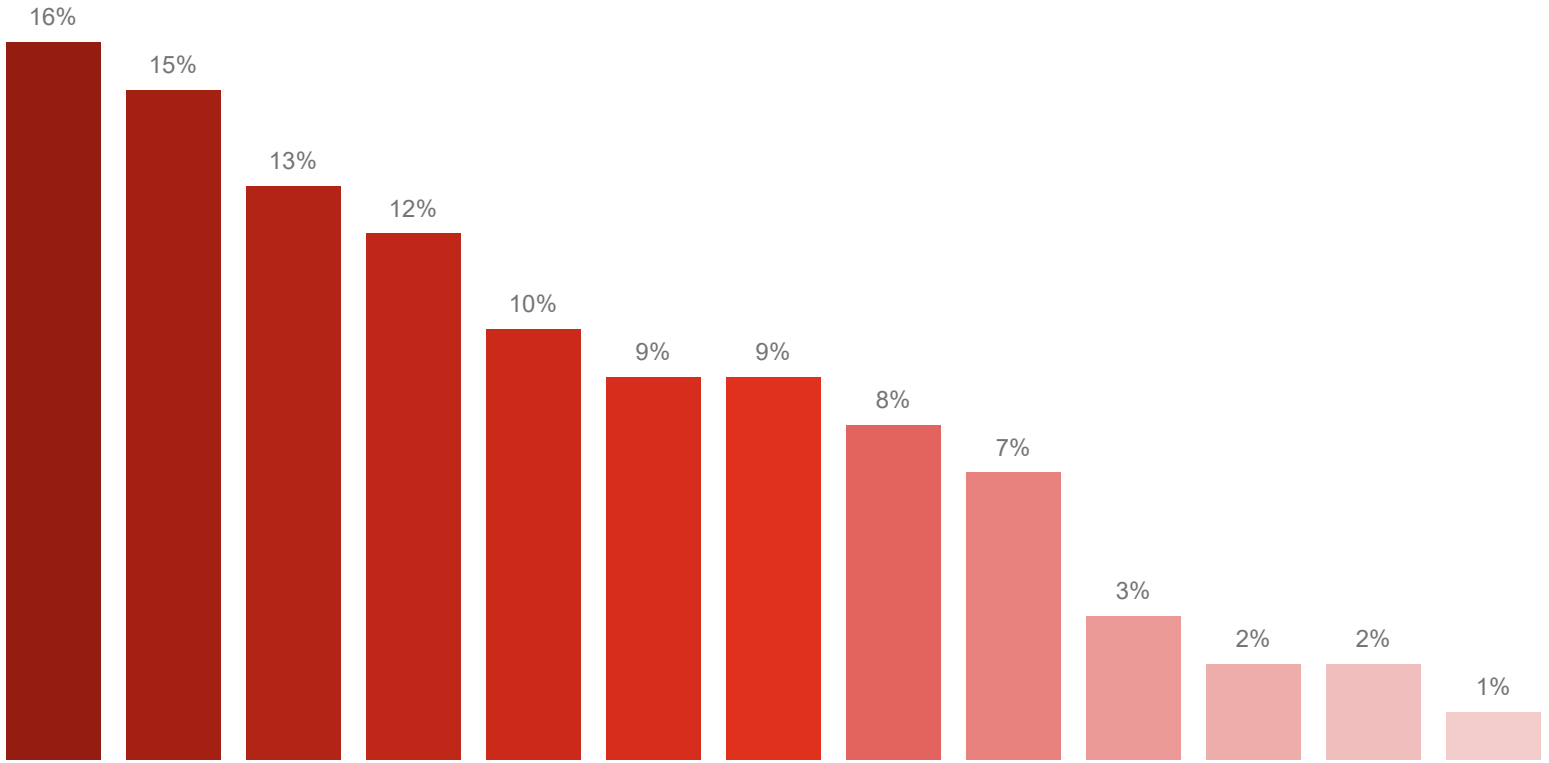
“Maintaining the national currency within the normal currency fluctuation limits.”
Food and beverages distribution; Automotive

“Remove the bureaucratic impediments for entering the online market.”
Agricultural production and processing

“Simplify the procedures and requirements related to the export of local goods. We are working in emergency state conditions and the procedures should be adapted.”
Wholesale of chemical products for agriculture

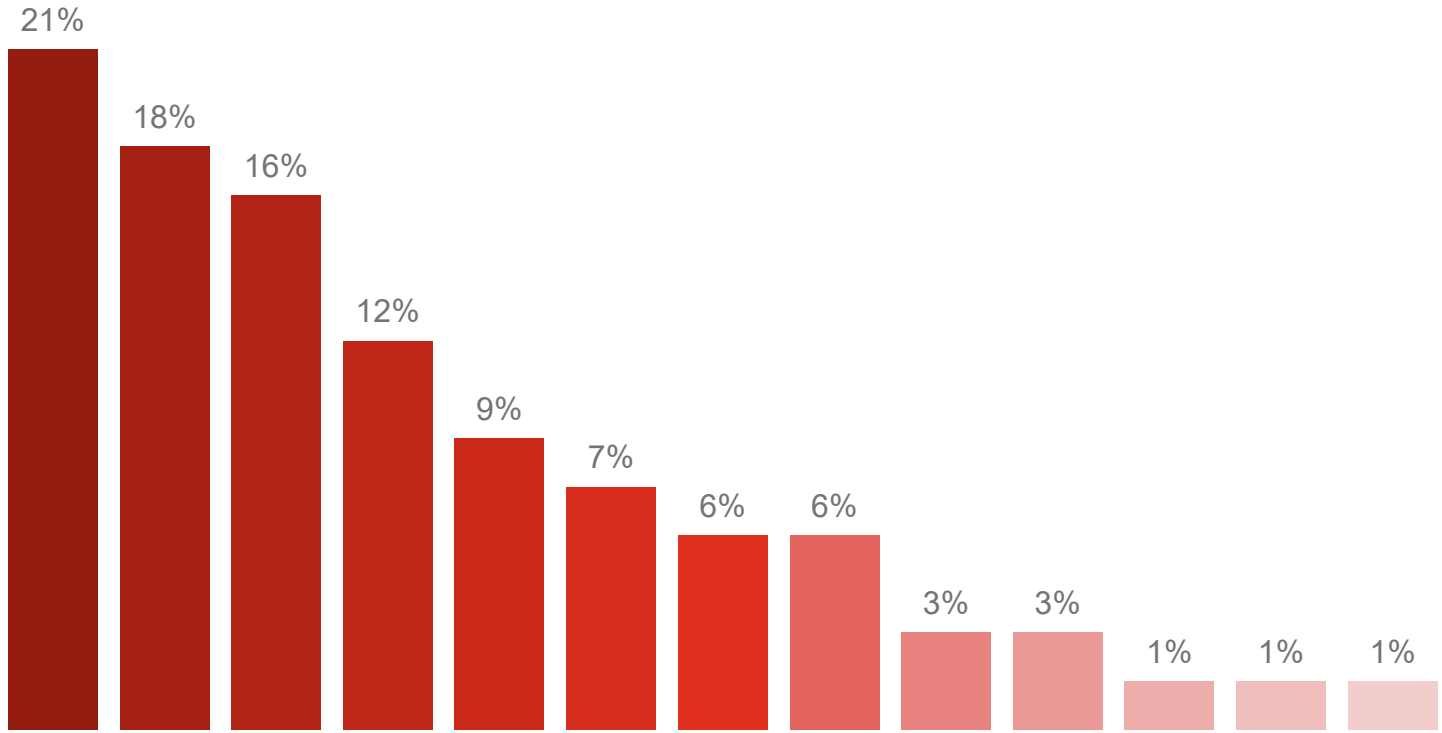
“Relaunch of the local economic activity in a limited and controlled regime, avoiding any further non-essential agglomeration of people.”
Financial-banking industry

Public services that require the physical presence of beneficiaries and which should be digitalised with priority, in order to support the full compliance with sanitary measures in the context of local epidemiological situation



** % from 91 processed answers*

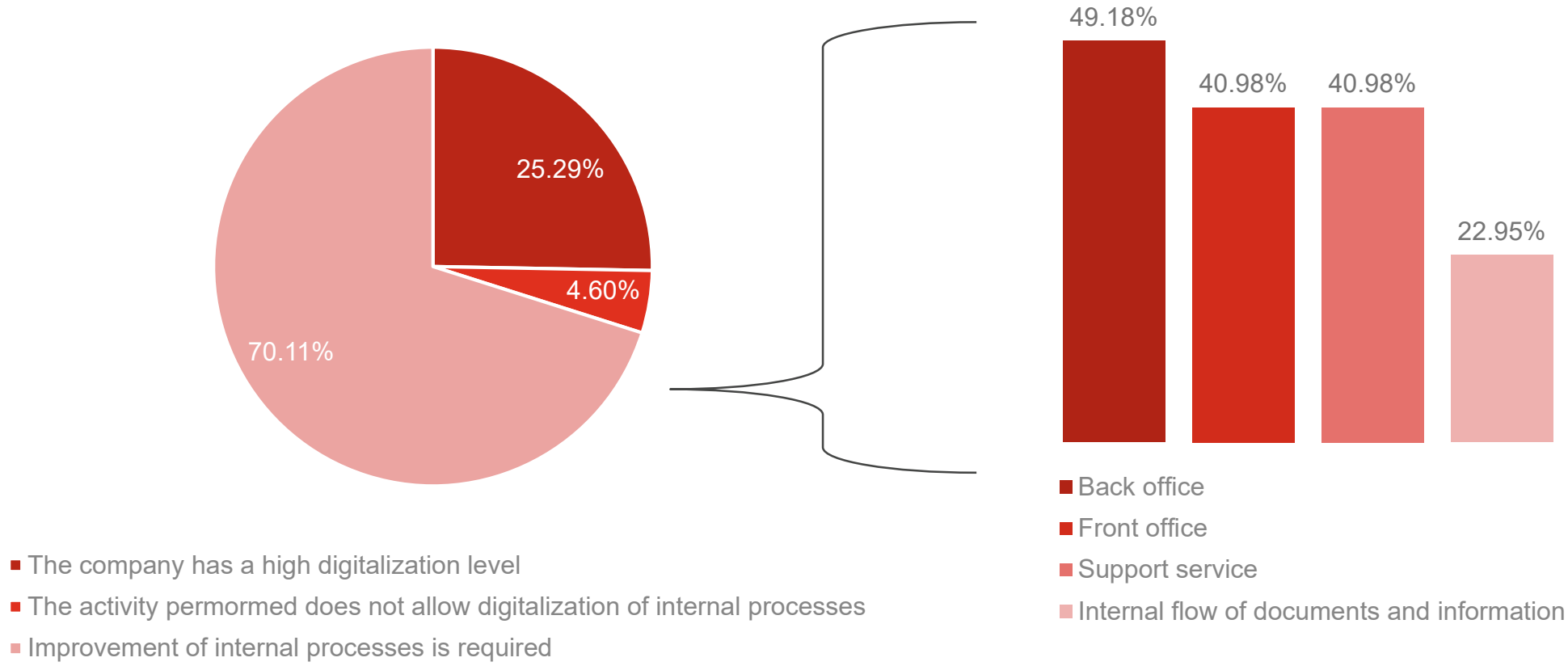
Public services that should be digitalised with priority, in order to allow the adjustment of business models to the current context and to harness alternative economic potential of the business



- Tax services for statistical and financial reporting
- All public services
- Services provided by PSA
- Services related to the electronic signature
- Other services
- Release of permissive acts
- Notary services
- Authority consultancy services
- Financial-banking services
- Customs services
- Financial-banking services
- Services provided by NAFS
- Services provide by NSSH

** % from 68 processed answers*

Internal operational processes that can be digitalised, depending on the availability of financial resources for investments in digitalisation



Thank you!

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