Priorities of the Government of the Republic of Moldova in the area of attracting investments and promoting exports

Ministry of Economy and Infrastructure of the Republic of Moldova
THE REPUBLIC OF MOLDOVA – YOUR BRIDGE TO WEST AND EAST

Moldova – the newest emerging investment destination
Evolution of the National Economy in 2017

- **GDP** – 104,5%
- **Inflation Rate** (January-December) – 7,3%
- **MDL Exchange Rate** (January-December) - appreciation by:
  - 14,4% against $  
  - 2,3% against Euro
- **Exports** – 118,6%
- **Imports** – 120,2%
- **Industrial Production** – 103,4%
- **Agricultural Production** – 108,6%
- **Investment in Long-Term Assets** – 101,3%
- **Nominal average monthly wage** - 5697,1 MDL
  - 112,1% (y-o-y nominal)  
  - 105,2% (y-o-y real)
Macroeconomic forecast

GDP

- GDP y-o-y in comparable prices, %
- GDP in current prices, mil. USD

External trade

- Exports
- Imports
- Net Export

Forecast
Macroeconomic forecast – real sector

Industrial and agricultural sector

- Industry as compared to the previous year, %
- Agriculture as compared to the previous year, %
- Industrial production, bn. MDL
- Agricultural production, bn. MDL

Investments

- Investments as compared to the previous year, %
- Investments in fixed assets, bn. MDL
Priorities for 2018

1. **Road Infrastructure** - Road Fund; road reparations/constructions; New auctions etc.

2. **Free trade agreements** - DCFTA; Free trade agreement (FTA) with China; FTA with EFTA (Norway, Switzerland, Liechtenstein, Iceland).

3. **Energy security** - Ungheni gas pipeline – Chisinau; Security of power supply / diversification of supply sources; Energy efficiency and renewable energy sources.

4. **Investment** - IT parks, IT industry development; Tourism; Economic diplomacy; MIEPO.

5. **Regulatory reforms** - Number of permissive acts; One-stop-shop; Organs with control function etc.

6. **Effective state-owned enterprises** - Moldovan Railways; Air Moldova

7. **Communications** - Access to the network; 112 operationalization; Universal postal services
THE REPUBLIC OF MOLDOVA – OPEN ECONOMY

- RM-EU Association Agreement / DCFTA
- Free Trade Agreement with the Community of Independent States (CIS)
- Free Trade Agreement with Turkey
- Central European Free Trade Agreement (CEFTA)
- Member of the World Trade Organization (WTO)

negotiations of the Free Trade Agreement with the People’s Republic of China
FOREIGN DIRECT INVESTMENTS – OVERVIEW

Foreign Direct Investments
by TOP group of goods

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, forestry and fishing</td>
<td>1.70%</td>
</tr>
<tr>
<td>Health and social assistance</td>
<td>0.37%</td>
</tr>
<tr>
<td>Others</td>
<td>0.38%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>17.51%</td>
</tr>
<tr>
<td>Real estate transactions</td>
<td>5.97%</td>
</tr>
<tr>
<td>Information and communications</td>
<td>9.33%</td>
</tr>
<tr>
<td>Accommodation and catering</td>
<td>0.77%</td>
</tr>
<tr>
<td>Financial and insurance activities</td>
<td>15.08%</td>
</tr>
<tr>
<td>Construction</td>
<td>1.74%</td>
</tr>
<tr>
<td>Wholesale and retail trade</td>
<td>10.48%</td>
</tr>
<tr>
<td>Transport and storage</td>
<td>1.56%</td>
</tr>
</tbody>
</table>

Investments in the social capital of the Republic of Moldova
by TOP group of countries – march 2018

<table>
<thead>
<tr>
<th>Country</th>
<th>Amount (mln. USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. THE NETHERLANDS</td>
<td>160.186</td>
</tr>
<tr>
<td>2. ITALY</td>
<td>104.565</td>
</tr>
<tr>
<td>3. ROMANIA</td>
<td>73.426</td>
</tr>
<tr>
<td>4. RUSSIA</td>
<td>67.022</td>
</tr>
<tr>
<td>5. GERMANY</td>
<td>41.355</td>
</tr>
<tr>
<td>6. USA</td>
<td>31.394</td>
</tr>
<tr>
<td>7. AUSTRIA</td>
<td>27.853</td>
</tr>
<tr>
<td>8. GREAT BRITAIN</td>
<td>26.603</td>
</tr>
<tr>
<td>9. SWITZERLAND</td>
<td>26.328</td>
</tr>
<tr>
<td>10. TURKEY</td>
<td>25.385</td>
</tr>
</tbody>
</table>
INVESTMENT FRIENDLY FISCAL SYSTEM

Corporate Income Tax

- MOLDOVA: 12%
- ROMANIA: 16%
- UKRAINE: 18%
- RUSSIA: 20%
- SLOVAKIA: 21%
- ITALY: 24%

Value Added Tax

- RUSSIA: 18%
- ROMANIA: 19%
- MOLDOVA: 20%
- UKRAINE: 20%
- SLOVAKIA: 20%
- ITALY: 22%

Social Insurance Contributions

- UKRAINE: 22%
- MOLDOVA: 23%
- RUSSIA: 30%
- ITALY: 32.08%
- SLOVAKIA: 35.2%
- ROMANIA: 37.25%
Airport “Marculesti”

10 Industrial Parks

1 IT Park
2 coming up

International Free Port “Giurgiulesti”

7 Free Economic Zones

IT Park “Tekwill”

FEZ MOLDOVA
FREE ECONOMIC ZONES
YOUR PLACE TO GROW

Industrial Parks
WHERE INDUSTRY DEVELOPS MOLDOVA

IT Parks
Tourism – priority for the development of national economy

Annual growth rate

Inbound (recipient) - 17.0%
Domestic - 5.1%

The profit per foreign tourist is higher than per domestic or emitter tourist [proportion 3:1]
OBJECTIVES:
1. The development of the inbound and domestic tourism
2. The development of the rural tourism and destinations
3. The quality and protection of touristic service consumers
4. The diversification of tourist products and excursion activities
5. Focused development in national tourist areas
6. Improving the quality of the workforce in the field of tourism
7. Promoting and strengthening the tourist guide profession
8. Optimization of tax policies
9. Public-private partnerships in the field of tourism
Economic diplomacy - an instrument for attracting investments and promoting exports

<table>
<thead>
<tr>
<th>Trade Offices of the Republic of Moldova in the world</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Russia (Moscow)</td>
</tr>
<tr>
<td>- Romania (Bucharest)</td>
</tr>
<tr>
<td>- Ukraine (Kiev)</td>
</tr>
<tr>
<td>- Belarus (Minsk)</td>
</tr>
<tr>
<td>- China (Beijing)</td>
</tr>
<tr>
<td>- Switzerland (Geneve)</td>
</tr>
<tr>
<td>- Belgium (Bruxelles)</td>
</tr>
<tr>
<td>- Poland (Warsaw)</td>
</tr>
<tr>
<td>- Germany (Frankfurt)</td>
</tr>
<tr>
<td>- Italy (Rome)</td>
</tr>
<tr>
<td>- Turkey (Istanbul and Ankara)</td>
</tr>
</tbody>
</table>
Regulatory reform and the reform of state control

I STAGE
• 114 permissive acts already excluded

II STAGE
• 151 permissive acts to remain, by eliminating 151 permissive acts (licenses – 33; authorizations – 82; certificates – 36)

III STAGE
• One Stop Shop – to be launched in 2018

INSTITUTIONAL REFORM – optimizing the number of institutions with control functions to 13 control bodies

PROCEDURAL REFORM –
minimum documents, maximum transparency and rights for entrepreneurs:
  • schedule control for a calendar year
  • limiting unannounced control
  • planned state controls with advisory role for the first 3 years after registration
  • the possibility of applying the restrictive measures after 3 years

DIGITALIZATION OF CONTROL PROCESSES –
Unique State Register of Controls, transparency and predictability of the inspector’s actions
FINANCIAL REPORTING REFORM

- removing duplicate data and lowering reporting volume by approx. 40%
- reducing the time and cost of drafting and reporting to public authorities
- the interaction of economic agents with a single public authority
- concentrating the data as well as establishing a unique reporting and payment period (day 25/ monthly)
- combating the phenomenon of "wages in the envelope"

(The State Tax Inspectorate, the National Social Insurance House, the National Insurance Company in Medicine and the National Bureau of Statistics)
JOB SUBSIDY REGULATION

**Purpose** – to stimulate businesses for job creation

**Beneficiary** – any legal entity practicing entrepreneurial activity in the Republic of Moldova

**The amount of the subsidy for a job created** – 40 000 MDL for 2018 (up to 2 000 EUR)

The authority responsible for job creation subsidy – Ministry of Finance of the Republic of Moldova

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### Eligibility

- has an increase in the number of employees at least 100 persons
- the average monthly salary at the enterprise for newly employed persons is not less than 75% of the average monthly wage in the economy
- has no debt to pay taxes and fees to the national state budget
- assume the obligation to maintain, for a period of at least 3 years, the number of employees and the average monthly salary per enterprise

### Impact

- stimulation of investments and economic growth
- increase payments to the consolidated budget
- empowering employers to attract available workforce and create new jobs
- initiative to fight against salaries in the envelope
- reducing tax evasion
**MOLDOVAN CITIZENSHIP THROUGH INVESTMENTS (GOLDEN VISA PACKAGE)**

### ELIGIBLE INVESTMENTS

*(according to the Law Nr. 1024 of 02.06.2000 on the citizenship of the Republic of Moldova)*

<table>
<thead>
<tr>
<th>Contribution to the Public Investment Fund for the Sustainable Development Fund of the Republic of Moldova</th>
<th>✓ minimum investment of 100 000 EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment in strategic development areas of the Republic of Moldova:</td>
<td>✓ minimum investment of 250 000 EUR</td>
</tr>
<tr>
<td>- the <strong>development of the real estate sector</strong> by purchasing and holding, for an uninterrupted period of at least 60 months, one or more real estate with a total market value of at least 250 000 EUR at the time of investment;</td>
<td></td>
</tr>
<tr>
<td>- the <strong>development of the public financial sector</strong> and public investment sector by purchasing and maintaining the state securities issued for this purpose for a period of at least 60 months, worth at least 250 000 EUR.</td>
<td></td>
</tr>
</tbody>
</table>
### ADDITIONAL SOCIAL PROTECTION OF EMPLOYEES – MEAL VOUCHERS

#### Law Nr. 166 of 21.09.2017 on meal vouchers

1. **The employer is entitled to provide employees with an individual meal allowance in the form of meal vouchers.**
2. **The nominal value of a meal voucher/day should be between 35 and 45 MDL (up to 2.2 EUR).**
3. **The meal vouchers may only be used at the commercial/catering entities that have concluded a service contract with the operator.**
4. **Operational activity with meal vouchers, including the issuance and reimbursement of their value, is carried out exclusively by the operators formed as JSC or LLC, holding a license for activity.**
5. **It is forbidden to reduce the salary of employees – beneficiaries of meal vouchers.**
6. **The total number of paper vouchers granted to the employee during the month shall be equal to the number of days worked during the previous month.**
7. **The total amount of electronic vouchers transferred to the employee’s card must be equal to the number of days worked during the previous month, multiplied by the nominal value of the voucher.**
Top reasons to invest in Moldova

**PROXIMITY**
Easy access to major markets and to OEMs and Tier 1&2 suppliers.
Moldova’s exports are largely liberalized to both the European Union and the Commonwealth of Independent States.

**LABOR FORCE**
Skilled & multilingual workforce (e.g. Romanian, Russian, Turkish, Ukrainian, English, French, German, Italian, etc.).
Lowest labor and production costs in the region (gross ca. 299 EUR/month, in manufacturing ca. 190-250 EUR).

**FRIENDLY ENVIRONMENT**
The regular corporate tax rate is only 12% and 20% VAT is reimbursed for exports.
Our Free Economic Zones offer further incentives including a lower rate of corporate tax of 6%, 3% and 0%.

**LARGE POTENTIAL**
Investors can tap an extensive industrial tradition covering numerous manufacturing sectors. e.g.
Electronics, Assembly of Electronic devices, Metal Processing, Machine Building, etc.