

Foreign Investment Guide

Why Invest in Moldova?

- ✓ **It is a stable parliamentary democracy**
- ✓ **It has a sound legal framework that is highly supportive of private enterprise development**
- ✓ **The government is committed to boosting foreign investment and privatisation**
- ✓ **It has the 0 % corporate tax**
- ✓ **It has a well educated, multi-lingual labour force**
- ✓ **Companies from 86 countries have invested in Moldova**
- ✓ **It is a border country of the European Union with Autonomous Trade Preferences covering 12,000 products**
- ✓ **It is at the crossroads of commercial routes that join Western Europe and the Commonwealth of Independent States (CIS) with which it has Free Trade Agreements**
- ✓ **It is a member of the IMF, World Bank (IFC, MIGA, IDA) EBRD, WTO, CEFTA, CEI and CIS**



Why Invest in Moldova?

Key numbers

Area:

total: 33 846 square km
land: 33 009 square km
water: 837 square km

Climate:

Temperate continental (warm summers and mild winters)

Natural resources:

Lignite, phosphorites, gypsum, arable land, limestone

Land use:

agricultural lands: 58%
forest: 13%
populated area: 9%
other: 20%

Population: - 4,127,203

Largest cities

1	Chisinau	785,218
2	Tiraspol	158,069
3	Balti	148,561
4	Tighina	97,027
5	Cahul	35,481
6	Ungheni	35,157
7	Soroca	28,407
8	Orhei	25,680

Ethnic groups:

Moldovan	83.7 %
Ukrainian	6.6 %
Russian	1.7 %
Gagauz	4.5 %
Romanian	1.4 %
Bulgarian	1.7 %
Other	0.4 %

Religions:

Eastern Orthodox 93.3%
Jewish 1.4%
Baptist and other 5.3%

Languages:

Moldovan
Russian
Gagauz (a Turkish dialect)

Literacy:

total population: 99.1%
male: 99.7%, female: 98.5%

Overview of Moldova

Moldova is situated in South Eastern Europe, north of the Balkan Peninsula. With an area of 33,846 square kilometres (about 12,600 square miles), it is the second smallest member of the Commonwealth of Independent States (former Soviet Union republics). It stretches 350 km from North to South and 150 km from East to West. In the North and East Moldova borders Ukraine and in the West it borders Romania.



The Republic of Moldova has been an independent State since August 27, 1991 following the collapse of the Soviet Union. It joined the United Nations on March 2, 1992. Despite a sometimes turbulent history, it has emerged as a stable democratic state based on the rule of law.

The country's topography is diverse, ranging from the steppes of the North and South, to forested and mountainous highlands in the centre. This area retains the ancient name Codru, meaning "old forest". These beautiful forests continue to be of great environmental importance. Underground water reserves, mostly drinking water, are estimated at 200 million cubic metres. The soil is black earth (chernozom) and is rich in humus. This extremely favourable combination of climatic and soil conditions creates high yields of cereals, grapes, tobacco, fruit and vegetables. Agricultural production continues to be a bulwark of the economy. Wine production is especially important as are the clothing sector, food processing, and information and communications technology.



Why Invest in Moldova?

The Economy

Since 2000 - following a decade of economic decline - Moldova has achieved and maintained macroeconomic stability. Fiscal management has been prudent, with a roughly balanced budget in recent years. Inflation has decrease from average 12 % in the past four years to 7.3 % in 2008. Public debt has fallen sharply, from 29.2% of GDP in 2006 to 23.5% in 2007 and 18.5% in 2008, and arrears have been cleared as part of a rescheduling agreement with the Paris Club.

The national budget revenues amounted to \$ 2.4 billion representing an increase of 14.3% over 2007. Total industrial output amounted to \$ 2.8 billion (2008) or a 0.7% increase compared to the previous year's levels.

The government's economic stabilisation and structural reform programmes have made several notable and positive achievements:

- The privatisation programme has been successfully completed;
- The foreign trade sector has been privatised and liberalised;
- Monetary stability has been achieved;
- Full current account currency convertibility has been introduced;
- National accounting and audit standards based on international standards have been implemented;
- The banking system has been privatised and streamlined;
- The process of land privatization has been successfully completed.

The Trade and Investment Environment

Moldova's objective is to provide a transparent and supportive business environment. The Constitution of the country guarantees the inviolability of both foreign and domestic investors by incorporating principles protecting the supremacy of international law, the market economy, private property, provisions against unjust expropriation, provisions against confiscation of property, and separation of power among government branches.

Moldova is committed in its European integration efforts, on both the political and economic fronts, and it aims to strengthen economic relations with neighbouring Balkan countries. Moldova enjoys ATP trading facilities (covering 12,000 products) in its export operations with the 27 nation European Union that is a serious attraction point for potential investors.

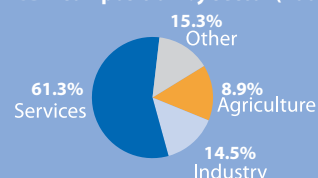
On November 28, 1994 Moldova signed and ratified the Partnership and Cooperation Agreement with the European Union (EU), and in 2005, it signed the Plan of Action with the European Union which calls for strengthening security; improving political, economic and cultural relations; reinforcing cross-border cooperation; and establishing joint responsibility regarding the prevention and settlement of conflicts. The document, though not explicitly mentioning accession to the EU, is in line with the pro-European ambitions of the Moldovan government, which has identified full European integration as a major national goal.

GDP :
\$ 6,048 billion (2008)

GDP - growth rate:
7,2% (2008)

GDP per capita:
\$ 1694 (2008)

GDP composition by sector (2008):



Capital:
Chisinau

Administrative divisions:
32 regions, 5 municipalities,
1 autonomous territorial unit and
1 territorial unit.

Regions:
Anenii Noi, Basarabeasca, Briceni,
Cahul, Cantemir, Calarasi, Causeni,
Cimislia, Criuleni, Donduseni,
Drochia, Dubasari, Edinet, Falesti,
Floresti, Glodeni, Hincesti, Ialoveni,
Leova, Nisporeni, Ocnita, Orhei,
Rezina, Riscani, Singerei, Şoldanesti,
Soroca, Stefan-Voda, Straseni,
Taraclia, Telenesti, Ungheni

Municipalities:
Balti, Bender, Chisinau, Comrat,
Tiraspol

Autonomous territorial unit:
Gagauzia

Territorial unit:
Transnistria



Why Invest in Moldova?



Constitution:

New constitution adopted 29 July 1994, effective 17 August 1994

Legal system:

Civil law system
Constitutional Court reviews the legality of legislative acts, presidential decrees and governmental resolutions, as well as reviews the constitutionality the Moldova's adherence to international organisations and treaties.

Voting:

18 years of age; universal

Executive branch:

- Head of State: President Vladimir Voronin (since 4 April 2001)
- Head of Government: Prime Minister Zinaida Greceanii (since 31 March 2008)
- First Deputy Prime Minister Igor Dodon (since 31 March 2008)
- Cabinet selected by President, subject to approval of Parliament

Legislative branch:

- Unicameral parliament consisting of 101 seats distributed among parties and electoral blocs elected by popular vote to serve four-year terms.

Judicial branch:

- Supreme Court
- Constitutional Court - the sole authority for constitutional judicature

Sources: National Bureau of Statistics,
National Bank of Moldova
<http://www.parliament.md>
<http://www.presedinte.md>
<http://gov.md>

Relationships with International Organisations

Moldova became a member of the World Trade Organisation in 2001. It is also a member of:

- The Commonwealth of Independent States (CIS);
- The Council of Europe;
- The European Bank for Reconstruction and Development;
- The International Monetary Fund;
- The International Development Association;
- The International Finance Corporation;
- The International Bank for Reconstruction and Development;
- The Multilateral Investment Guarantee Agency; and
- The Stability Pact for South-Eastern Europe;
- The Central European Free Trade Agreement;
- The Central European Initiative.

Moldova joined the World Bank in 1992. Two years later it joined the International Development Association (IDA) - the soft lending arm of the World Bank. Ever since then, World Bank lending has provided consistent support for the country's economic reform program encompassing policy-based lending, industry and infrastructure, finance and private sector support, agriculture, environment and human development. Presently, industry and infrastructure dominate Bank financing, receiving over a third of all investment funds, followed closely by human development (30%), and agriculture and the environment (22%). Given a more favorable policy environment, improvement in economic management, progress toward satisfying the Country Assistance Strategy (CAS) objectives, and the new program with the IMF, the Bank and a number of bilateral donors are considering providing budget support to assist in the implementation of policy reforms under the Economic Growth and Poverty Reduction Strategy (EGPRSP) during 2006-08.

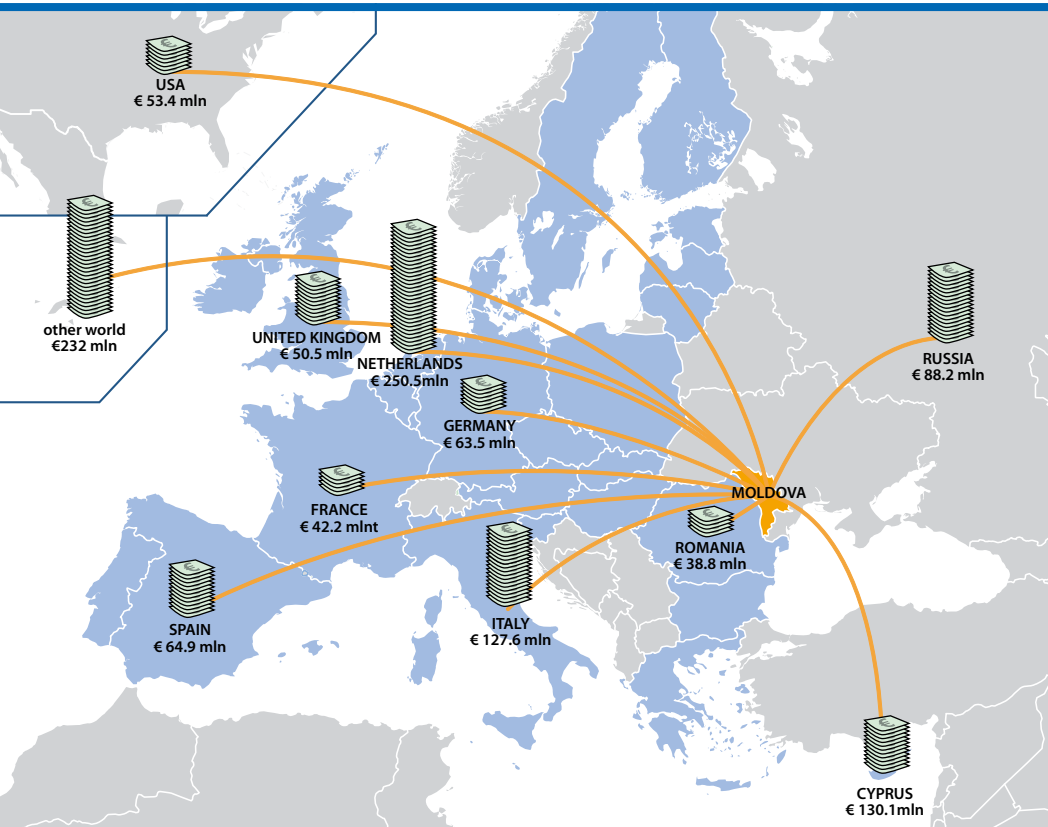
The European Bank for Reconstruction and Development (EBRD) is also active in Moldova, both in equity investment and providing financing to investors. As of 1 January 2008, EBRD had approved 49 investments in Moldova, total project value € 388,6 mil. EBRD commitments in 2006 were concentrated on the financial and agribusiness sectors and comprised ten projects, one new small and medium-sized enterprise credit line and two microfinance credit lines. Under the existing Medium-sized Co-financing Facility (MCFF), two sub-projects were signed to provide working capital and investment loans to a telecommunications company and two agribusiness projects. The EBRD also invested in four regional funds which target Moldova among other countries.



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Foreign Direct Investment

Investments in Moldova, 1994-2008 (1 October)







































Source: National Bureau of Statistics

Following a decade of economic decline that ended in 2000, Moldova has maintained macroeconomic stability and achieved consistent economic growth. This period was marked by significant increases in foreign investment. FDI inflow amounted to €484.2 million in 2008 or €149 million (44.5%) more than in 2007. FDI represented 11.8% of the country's GDP in 2008. Cumulative total FDI at the end of 2008 reached approximately €1747.7 million. Presently, Moldova enjoys investments from 86 countries with the major FDI sources being the EU-27, the Commonwealth of Independent States (CIS), the USA and Canada.

The main legislative act regulating FDI in Moldova is the Law on Investments in Entrepreneurial Activity, which was enacted in early 2004. Under this Law, Moldova provides full security and protection for all investments, regardless of type, following the provisions of international treaties on mutual protection and encouragement of investments to which the state is a party. Investors may locate their investments in any part of Moldova, in any area of business activity, as long as these are not contrary to national secu-

Bilateral Investment Treaties with 36 Countries

Investment protection agreements with the following countries are currently in force:

	Romania	1992
	China	1992
	USA	1993
	Turkey	1994
	Germany	1994
	Poland	1994
	Hungary	1995
	Finland	1995
	Ukraine	1995
	Netherlands	1995
	Uzbekistan	1995
	Switzerland	1995
	United Kingdom	1996
	Belgium	1996
	Bulgaria	1996
	Israel	1997
	France	1997
	Italy	1997
	Azerbaijan	1997
	Georgia	1997
	Russian Federation	1998
	Greece	1998
	Czech Republic	1999
	Republic of Byelorussia	1999
	Lithuania	1999
	Latvia	1999
	Austria	2001
	Croatia	2001
	Kuwait	2002
	Kyrgyzstan	2002
	Tajikistan	2002
	Slovenia	2003
	Bosnia & Herzegovina	2003
	Albania	2004
	Spain	2006
	Cyprus	2007

Source: Ministry of Economy and Trade



Major Foreign Investors



Société Générale
France
Banking



Lukoil Europe Ltd.
Russia, 1995
Petroleum products



Union Fenosa
Spain, 2000
Energy distribution



Lafarge
France
Construction materials



France Telecom MI
France, 1998
Telecommunications



Veneto Banca
Italy
Banking



METRO Group A.G.
Germany, 2004
Wholesale trade



Danube Logistics
The Netherlands
Shipping & Logistics



Mabanaft A.G.
Germany, 2000
Petroleum products



WNISEF
USA, 1997-2005
Food industry, glass bottles, banking sector



KNAUF
Germany
Construction

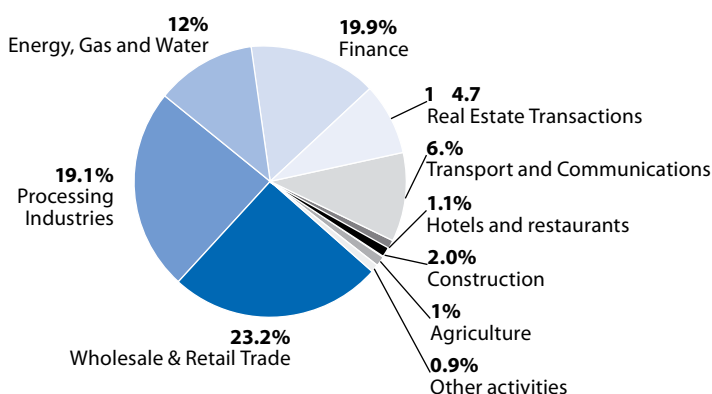
Source: MIEPO

rity interests, anti-monopoly legislation, environment protection norms, public health or public order.

Local and foreign investors have equal rights under the legislation, and there is no discrimination on the basis of citizenship, home, residency, place of business registration, state of origin of the investor or investment. Investors are guaranteed fair and equal treatment in running their businesses without discrimination that would hinder management, operation, maintenance, use, capitalisation, acquisition, growth or disposal of investments. There are no restrictions on the amount of capital that can be invested except for the minimum statutory capital which applies to both local and foreign investors regardless of their origin.

Total FDI in Moldova amounted to more than €1747 million at the end of 2008. The Netherlands is the largest investor with over €250 million since 1994. Other large investors between 1994-2008 have been Cyprus at €130.1 million; Italy at €127.6 million; Russia at €88.2 million; Spain at €64.9 million; the Germany at €63.5 million; UK at €50.5 million; France at €42.2 million; Romania at €38.8 million; USA at €53.4 million; and the other world at €219.0 million.

FDI by sector (2008)



Source: National Bank of Moldova

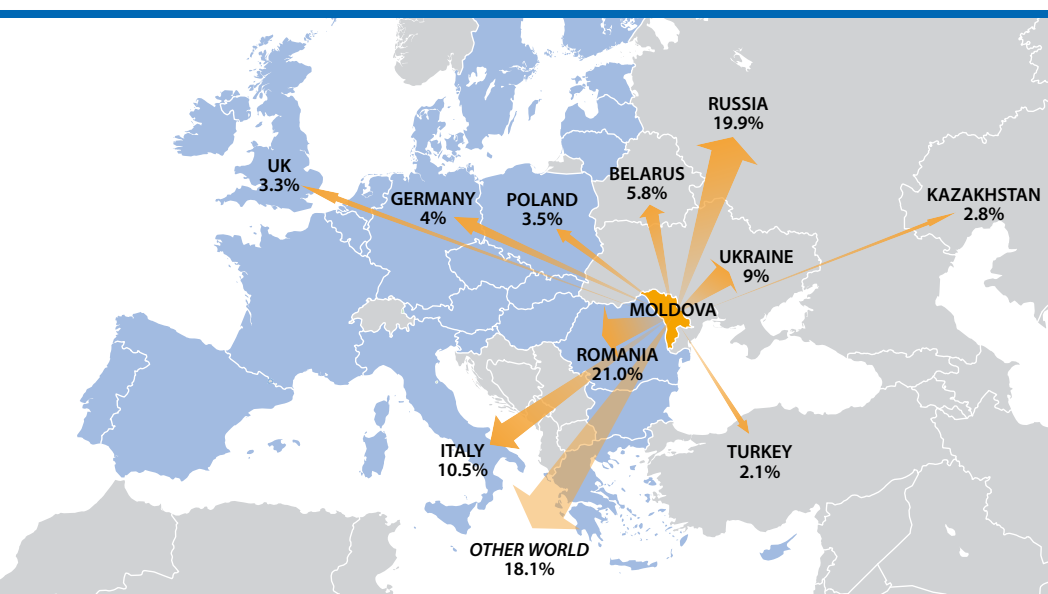
FDI inflows reflect foreign companies' participation in the Moldovan privatization process through investing in company equity, acquiring stock, as well as utilising loans from parent companies. An important indicator of investor trust is reflected in reinvested earnings, which grew over the last several years and are predicted to continue in the future. The share of reinvested earnings in total cumulative investments has increased from 1.9% in 2000 to 11.6% in 2008. This reflects the long-term confidence of businesses that have already invested in Moldova. The largest share of foreign investment is in the fixed assets of joint ventures and foreign companies.



Foreign Investment Guide

Foreign Trade

Top 10 Export Markets in 2008



Source: National Bureau of Statistics

Moldova's foreign trade regime was liberalised in 1994. As a result, businesses may freely trade a wide range of goods with the exception of some specific product categories, such as weapons, precious metals, explosives, poisons, medicines, medical items and equipment. Since July 2001, Moldova has been a member of the World Trade Organisation, and the tariff policy of Moldova is based on the trade regime and norms established by the WTO. Moldova does not apply any prohibitions or quantitative restrictions on imports that do not conform to WTO provisions - nor does it apply any customs duties, prohibitions or other measures on exports. Since March 1, 2008 Moldova has also benefited from the Autonomous Trade Preferences (ATP+) in its trade with the European Union - trade preferences received as a result of Moldova's implementation of sustainable development, good governance policies and customs administration. It has also concluded multilateral Central European Free Trade Agreement (CEFTA 2006) and bilateral FTA's with CIS countries, except Tajikistan. Moreover, the Central European Free Trade Agreement, entered into force on July 27, 2007. Moldova is also a member of the Organisation of the Black Sea Economic Cooperation, SECI, GUAM and other regional economic initiatives.

Export volumes amounted to €1.08 billion (\$1.59 billion) in 2008. CIS countries accounted for €426.6 million (\$627.9 million) or 39.3% of total exports. Exports to the EU-27 went up to €557.2 million (\$820.1 million) in 2008 or 20.7% more than in 2007 and represented 51.4% of total exports (versus 50.6% in 2007). The main destinations for Moldovan exports in 2008 were Romania (21.0%), Russia (19.9%), Italy (10.5%), Ukraine (9.0%), Belarus (5.8%), Germany (4.0%), and Poland (3.5%). In 2008 exports to the United Kingdom increased by 53.2%;

Trading Across Borders

The costs and procedures involved in importing and exporting a standardised shipment of goods have been detailed by the World Bank. Details from Moldova and competitors in the region and in OECD countries are as follows:

Documents for export (number)

Moldova	6
Region	7.1
OECD	4.5

Time for export (days)

Moldova	32
Region	29.7
OECD	10.7

Cost to export (US\$ per container)

Moldova	1,775
Region	1,649
OECD	1,069

Documents for import (number)

Moldova	7
Region	8.3
OECD	5.1

Time for import (days)

Moldova	35
Region	31.7
OECD	11.4

Cost to import (€ per container)

Moldova	1,895
Region	1,822
OECD	1,132







Source: The World Bank Group, "Doing Business in 2009"



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Foreign Trade

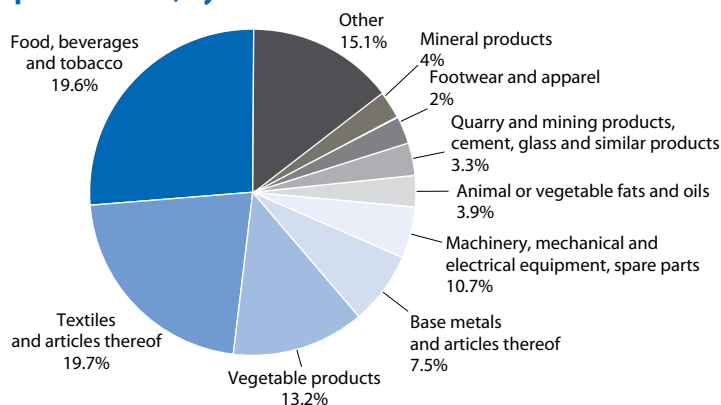
Top Moldovan exporters in 2008

	1 JSCC Moldova Steel Works Metallurgy
	2 Combinatul de ciment Ribnita SA Cement
	3 DRA Draexlmaier Automotive SRL
	4 Floarea Soarelui SA Food (vegetable oil)
	5 Metalferos SA Metallurgy
	6 IS Tirotex Textiles
	7 KNAUF - GIPS SRL Construction materials
	9 Farm Expo SRL
	12 IM "Moldabela" Textiles
	15 FC Ionel SA Clothing

Poland by 16.1%; Romania by 59%; Italy by 19.2%; and Switzerland by 75.8%.

Food, beverages and tobacco, and wine in particular, at 19.6%, followed by textiles and textile products at 19.7% and vegetable products at 13.2% make up the bulk of Moldova's exports. Other exports of note are base metals, machinery and spare parts, mineral products, animal and vegetable oils and fats, and mining-related products such as glass and cement, footwear and apparel.

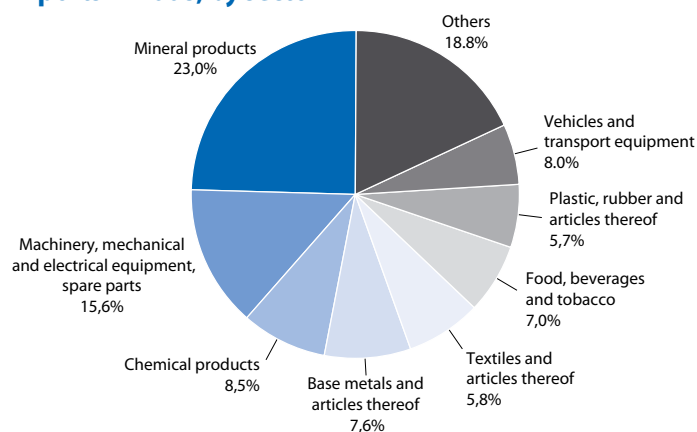
Exports In 2008, By Sector



Source: National Bureau of Statistics

Moldova's imports amounted to €3.3 billion (\$4.9 billion) in 2008 which represented an increase of 32.8% on the previous year's levels. CIS countries exported USD1.7 billion worth of goods to Moldova or 30.3% more than in 2007. This number amounted to 35.5% of the total imports compared to 36.1% during the previous year. Imports from the EU constituted USD2.1 billion or 25.2% more than in 2007. This represented 43.0% of the total 2008 imports. The origins of major Moldovan imports are as follows: Ukraine (17.1%), Russia (13.6%), Romania (12.1%), Germany (7.5%), China (6.6%), Italy (6.3%) and Turkey (4.7%). Mineral products, machinery, equipment and spare parts, base metals, chemical products, vehicle and textiles account for most of Moldova's imports.

Imports in 2008, by sector



Source: National Bureau of Statistics



Foreign Investment Guide

Protection of Intellectual Property

The State Agency on Intellectual Property

The inalienability of intellectual property rights in Moldova is endorsed by the Constitution. The intellectual property is governed by special laws having as minimum standards of protection the TRIPs provisions and being to a large extent harmonized with the EU Directives and Regulations in the field.

The State Agency on Intellectual Property is an executive state body subordinated to the Government of the Republic of Moldova, responsible for the administration of the IP system.

Protection of inventions

The patent is granted for an invention in any field of technology if it is new, involves an inventive step and is susceptible of industrial application.

The patent is a set of exclusive rights granted by the state to a person for twenty years in exchange for the public disclosure of an invention. A small invention could be protected according the Moldovan legislation through a short term patent granted for up to 10 years.

For medical inventions, the patent owner, in order to compensate the increasing length of clinical trials that is reducing the amount of market time under patent protection, is entitled to ask for a supplementary protection certificate. The duration of the certificate may not exceed 5 years from the expiration date of the legal protection term in respect of the basic patent.

The patents for plant varieties are granted for up to 30 years (depending of the variety) with the possibility of extension for a period of 5 years.

The registration of a trademark gives the right to prevent others from using the same or similar marks on same or similar products or services. The registration is valid for a 10 years period and may be extended for an unlimited number of 10 years periods subject to filing an application for renewal and payment of the prescribed fees.

A trademark can be registered if it meets the requirements of distinctive character and graphical representation; it can consist name, numeral, letter, logo, colour, sound, shape or a combination thereof.

According to the legislation in force the Contestation Commission of the AGEPI is acting as an administrative body responsible for extrajudicial solutions of the litigations in the field of intellectual property. The decision of the AGEPI Contestation Commission could be appealed in the Court of Appeal.

AGEPI maintains the Moldovan patent, trade mark, plant variety and design databases containing the protected industrial property rights. The access to these searchable databases is on line and free of charge at: www.db.agepi.md.

Annually, AGEPI receives about 7000 applications for protection of intellectual property objects. At 31 of December 2009, a number of 69 697 industrial property rights were valid on the territory of the Republic of Moldova, including: 60 771 trademarks; 4348 industrial designs; 4511 patents for inventions.



The principal functions of the AGEPI are:

- granting MD patents on inventions and plant varieties, registering trade marks and industrial designs, topographies of integrated circuits, geographical indications, appellations of origin and traditional specialties guaranteed;
- raising awareness of IP-related issues among businesses and consumers;
- development and carrying out the state IP policy;
- deciding disputes in respect of IP objects;
- development and coordination of the IP enforcement strategy;
- entering consultancy and IP services to business, R&D institution, etc.;
- protection of copyright and related rights.

Tel.: (373 22) 400 607; 400 608
fax: (373 22) 400 500
e-mail: office@agepi.md;
www.agepi.md

Regulation of competition

As nowadays the correlation between the globalization process and the development of market economy is increasing, the role of competition authorities in protecting and developing a favorable competition environment is increasing as well, either in the developing states, in those in transition or in the developed ones.

The Republic of Moldova is not an exception. In the last years, competition in the business environment became more dynamic, and, in the same time, the necessity to regulate this domain increased. Thus, in February 2007, the Moldavian Parliament adopted the Decision of establishing the **National Agency for the Protection of Competition (NAPC)**, as an independent body of central public administration.

NAPC, as the competition authorities of other countries, has the role of an “arbiter” on the economic field of our republic, ensuring all the participants to the economic life with equal conditions for competing, favorable for the development of their business, in the same time, giving ground to the development of a “healthy” market economy, benefic for the entire society.

NAPC runs its activity in conformity with the provisions of the Constitution of the Republic of Moldova and the Law on the protection of competition Nr.1103 from 30.06.2000, which provides the following tasks for the agency:

- a) Promotion of the state policy in the field of competition protection;
- b) Prevention, limitation and retrenchment of anti-competition activity;
- c) Accomplishment of state control over the observance of legislation on competition protection.

As far as the **abuse of dominant position on the market** is concerned, it has to be specified that a dominant enterprise is not a defect of the national economy. It may become a trouble when it makes actions to limit the competition, to injure the interests of other economic agents and of consumers. NAPC has the role of monitoring the situation and preventing the negative impact of dominant enterprises on the competition environment.

According to the **anti-competition agreements**, the law prohibits coordinated actions of economic agents that have in common more than 35% of a certain market, if these actions could limit competition. This kind of actions, also known as cartel agreements, are very dangerous for the market economy, because they can result in sudden increase of prices, territorial division of the market, limiting the entrance on the market, etc.

The unfair competition includes a larger range of infringements. These are dangerous because often they are committed without being intentioned and economic agents are not fully aware of their impact, but in the end they can cause serious damages for the competition environment. Here we can mention the spreading of false information about competitors, unfair comparison of own goods and services with those of competitors for publicity purposes, misleading consumers about the characteristics of the product, its quality, quantity, etc.

Another function of NAPC is the state control over the creation, expansion, reorganization, and liquidation of economic entities, their associations, holdings, transnational corporations and industrial-financial groups (art. 17) and state control over the procurement of stock (shares in social capital) of economic entities (art. 18).

NAPC is open for cooperation with business environment and civil society in the view of developing a favorable competition environment in the Republic of Moldova. For additional information and consultations contact us at the following address:

The Law on competition protection contains three important articles concerning the anti-competition activities of economic agents, as follows:

- Abuse of dominant position on the market
- Anti-competition agreements among economic agents
- Unfair competition

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www.anpc.md,



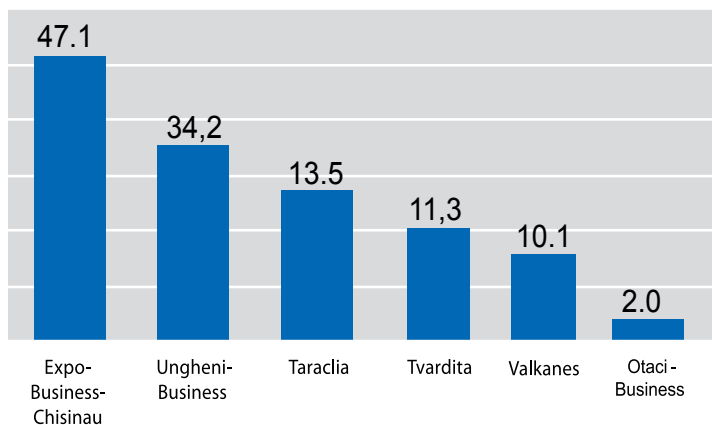
Foreign Investment Guide

Free Economic Zones and Industrial Parks

There are six Free Economic Zones (FEZs) in Moldova at present: Expo-Business-Chisinau (located in the capital Chisinau), Ungheni-Business (107 km northwest of Chisinau), Tvardita (115 km south of Chisinau), Otaci-Business (220 km north of Chisinau), Valkanes (in Vulcanesti, 200 km southwest of Chisinau), Taraclia (153 km south of Chisinau), as well as the Giurgiulesti International Free Port (210 km south of Chisinau) and Free International Airport "Mărculești" (126 km north of Chisinau) giving a series of free zones facilities.

The total volume of investment in these zones amounted to \$118 million at January 1, 2009 of which \$17.6 million was invested 2008. The largest share of investments continues to be in the Expo-Business-Chisinau Zone (40%). The investment in Ungheni-Business FEZ during its four years of operation amounted to \$34.2 million.

Total Investment in FEZs to 2008 (USD million)



Source: Ministry of Economy and Trade, 2008

The total number of companies registered in FEZs as of January 1, 2009 was 147, of which 39% were located in Expo-Business-Chisinau.

Total employment in the zones in January 1, 2009 amounted to 3,586. 1,385 were employed at Ungheni-Business economic zone, 1,183 worked at the Expo-Business-Chisinau zone, 259 at Taraclia FEZ, 269 at Valkanes, 294 at Tvardita and 196 at Otaci-Business.

Net sales from all FEZs in 2008 amounted to MDL 1552.8 million (\$149,5 million) of which exports accounted for MDL 898.7 million (\$86.5 million) or 70%.

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

- Production of goods for export (with the exception of ethyl alcohol and alcohol production);
- Sorting, packing, marking and other similar operations for transit goods conveyed through the customs territory of Moldova;
- Other supportive activities, such as utility services, warehousing, construction, catering and others that are needed to fulfill the activities indicated above.

Investors in an FEZ in Moldova are guaranteed against, and protected from changes in legislation for a period up to 10 years, and the legislation provides further incentives, guarantees and privileges for Zone investors. Residents enjoy a special customs and tax regime. In particular, they benefit from the following:

- Exemption from customs duties on goods imported into the FEZ and subsequently exported;
- Exemption from excise duties for goods imported into the FEZ and subsequently exported out of the FEZ territory;
- Exemption on taxable income obtained from agricultural production within the FEZ.

Free Economic Zones in Moldova



Benefits for Investors in FEZ's

- Goods/services imported into the zone are exempt from Customs duties and are zero-rated for VAT
- Goods imported into and exported from a zone are exempt from excise taxes
- Note: In all the country 0% corporate tax is applicable on profits that are reinvested in the company.

FEZ Expo-Business-Chisinau

Tel.: (373 22) 414130, 414123
 Fax: (373 22) 414138
 E-mail: admin@moldova-freezone.md
 freezone1@list.ru
 Web: moldova-freezone.md

FEZ Ungheni-Business

Tel.: (373 236) 20185, 25545
 Fax: (373 236) 20184
 E-mail: zel@freezone-ungheni.md
 Web: www.freezone-ungheni.md

FEZ Valkanes

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 Fax: (373 293) 22568
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FEZ Taraclia

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FEZ Tvardita

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 Tel: (373 291) 63454

FEZ Otaci-Business

Tel: (373 271) 94626
 E-mail: otaci-business@rambler.ru

Free International Airport Marculesti

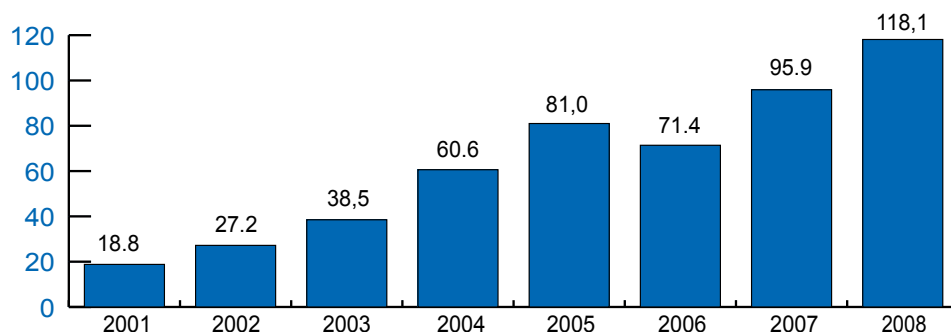
Tel. /Fax: (373 22) 234299
 E-mail: aim.mail@airportmarculesti.com
 Web: http://airportmarculesti.com

Giurgiulesti International Free Port

Tel: (+373 22) 293491/882732
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 E-mail: info@danlog.md
 Web: www.gifp.md

During the last few years, industrial production in the zones recorded strong growth, especially in the period 2001-2008, when sales of industrial goods reached \$600,8 million.

Free Economic Zones, Net Sales 2001 - 2008 (USD million)



In terms of shares in total production, new investments in the Ungheni-Business zone have increased to the extent that this zone accounted for 38.7% of total net sales from the zones in 2008. Expo-Business-Chisinau's share in overall FEZ industrial output account 37.8% in 2008. The shares of other FEZs in total zone sales were: Valkanes 10.7%; Tvardita 9.8%; Taraclia 2.6% and Otaci-Business 0.4%.

The portfolio of industrial production in the zones has diversified significantly during the last few years. Alcoholic drink production has been the dominant activity, but has started to lose ground to new activities. In 2006 alone, production of ten different products was launched within the zones including electronic equipment, PVC granules, jewelry packages, apparel and cosmetic products.

The Giurgiulesti International Free Port's entire 120 ha territory has a status of an economic free zone. The Industrial Free Zone within GIFP provides national and international investors an excellent location for their investments and businesses on the border with the European Union, in a low cost environment, with tri-modal transport infrastructure and a unique tax and customs framework.

The Free International Airport Mărculești implement a complex development plan which provides priority for types of activity in the aeronautical field, the creation of international logistic center, the attracting of foreign and national investors, the application of advanced experience from production and management field, and the creation of jobs. The Free Airport land is composed of the territory where the company activates like Aerodrom Operator and the development territory.

Industrial Parks

According to the Law on Industrial Parks N164-XVI from July 13, 2007 the Government of the Republic of Moldova were established the first 3 industrial parks, which become the center of enormous investment attraction and the place for different industrial projects implementation.

Industrial parks could be created on the territory of separate state enterprises and also as Green-field investments. The law also stipulates the terms of industrial parks' creation and their functioning. The industrial parks will be developed for a period of no less than 15 years and no more than 50 years.

The main principles are:

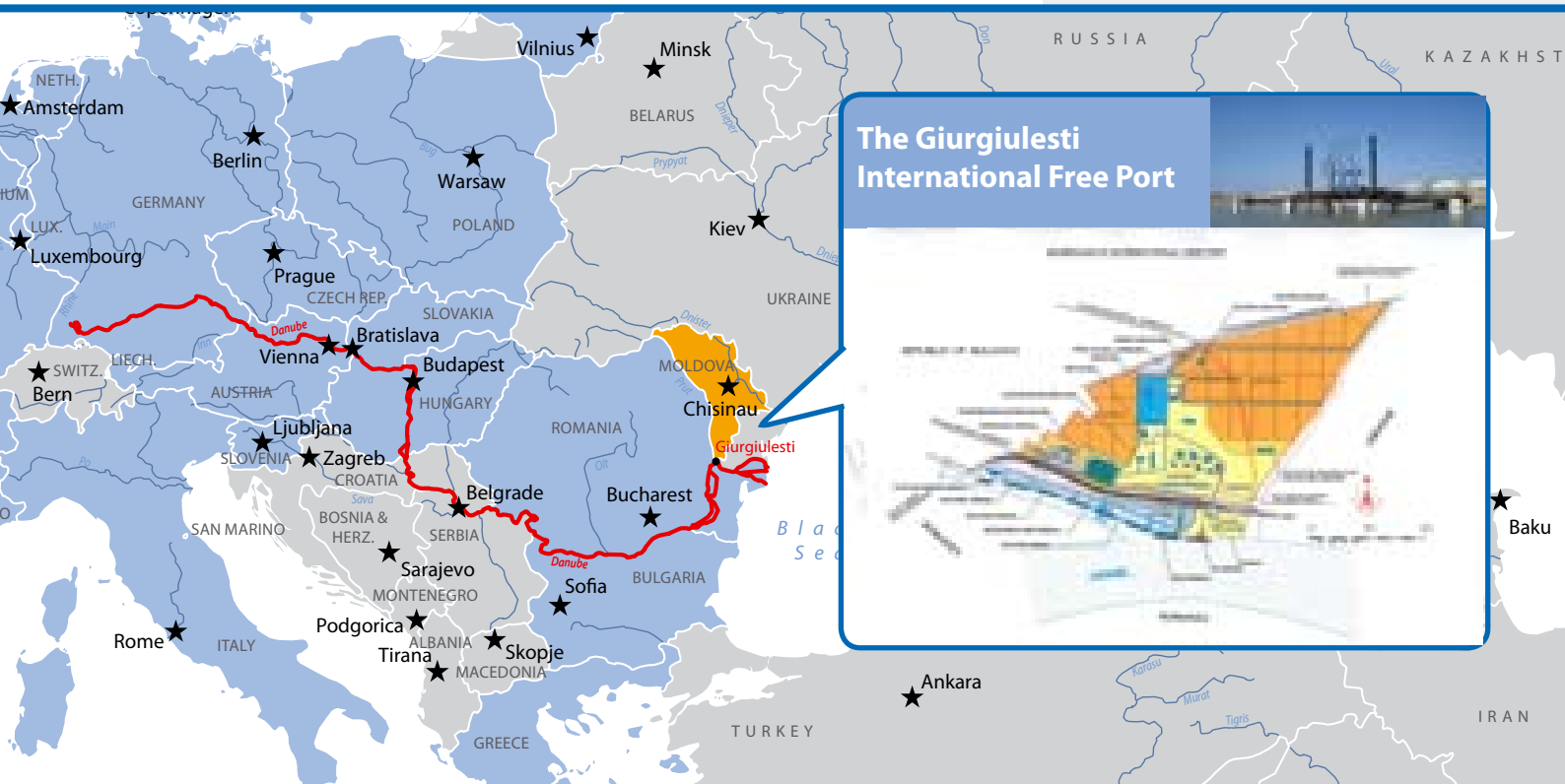
- Non-discrimination towards the residents of the industrial parks, regardless of their investment amount and country of origin;
- Non-interfering in the production activity and offering of services to the residents of the industrial parks.
- Development of types of activities, scheduled according to the goals of industrial park creation.

At the moment, the zones for industrial parks have been identified. Following industrial parks may be emphasized: the industrial park in Floresti (60 ha- close to the border with Ukraine), in Ungheni (50 ha- situated on the border with Romania) and in Cainari (23 ha).



Foreign Investment Guide Transportation

Sea Transport



Giurgiulesti International Free Port (GIFP), Moldova’s only port accessible to sea-going vessels, is situated at km 133.8 (nautical mile 72.2) of the River Danube in the South of Moldova, sandwiched between Romania (and therefore the European Union) and Ukraine. Danube Logistics, a Moldovan limited liability company, is the general investor, owner and operator of Giurgiulesti International Free Port. Shareholders are the Dutch EASEUR Holding BV and the European Bank for Reconstruction and Development.

GIFP benefits from its location on international trade and transportation routes such as the Rhine-Main-Danube waterway corridor which connects the Black Sea, 14 European countries and the North Sea; the European standard and Russian railway systems as well as the international road network. Against this background, GIFP serves its clients as a regional logistics hub in the midst of the rapidly growing economies of South Eastern Europe.

Due to its location on the Lower Danube with available water depths of up to 7m, GIFP is capable of receiving both inland and sea going vessels. Against this background GIFP serves its client as:

- the only direct sea/river-borne transshipment and distribution point to and from the Republic of Moldova;
- a regional logistics hub on the border of the EU with access to road, rail, river, sea, and

Map of the Danube river, with plan of future port in Giurgiulesti

Foreign Investment Guide

Transportation

Shipping operators

1. Public Institution **"Capitania Portului Giurgiulesti"**
134 Stefan cel Mare St., Chisinau
Tel.: (+373 22) 251121; 251123.
Operated by **Danube Logistics SRL**. General Director: Edgar Martin, martin@danlog.md.
2. State enterprise **"Registru Naval"**
124 Stefan cel Mare St., Chisinau
Tel.: (+373 22) 924772.
3. State enterprise **"River Port Ungheni"**
1 Lacului St., Ungheni, MD-3606
Tel.: (+373 236) 33270, 33275, 33277;
Fax: (+373 236) 33856
4. State enterprise **"Molovata Ferry"**
Molovata Noua, Dubasari region
Tel.: (+373 248) 51330
5. State enterprise **"River Port Bender"**
67 Comsololului St., Tighina
Tel.: (+373 552) 20480
6. JSC **"Neptun-M"**
2 George Calinescu St., Chisinau
Tel.: (+373 22) 740901; Fax: 740904
7. **"Gelencom" Ltd**
Suite 8, 30/6 Ion Pelivan St., Chisinau
Mobile: (+373 691) 49940.
8. **"Laromalex" Ltd**
33/69 Eugeniu Coca St., Chisinau
Tel.: (+373 22) 746995

Source: The Naval Transportation Sector of the Ministry of Transportation and Roads Management



- an excellent location for business development, because of its strategic location, tri-modal transport infrastructure, low cost environment and a unique customs and tax regime;
- connections to the Russian and European standard railway systems as well as to the international road network.

The Danube has been an important international waterway for centuries, and remains so today. The 2,860 km river flows through—or forms a part of the borders of—10 countries, six of which are in the EU: Germany, Austria, Slovakia, Hungary, Croatia, Serbia, Bulgaria, Romania, Moldova and the Ukraine. It flows into the Black Sea to Turkish, Russian and Georgian ports. Strategically, development of the Giurgiulesti Port is thus extremely important for improving transportation in and out of Moldova. The Danube's depth allows the port to accommodate seagoing ships to a maximum of 10,000 tons.

As a result of these investments, over 1,000 new jobs will be created. Additionally, such a serious investment in the south of the country will become a new driving force for the development of the region. And with the construction of an oil-processing facility that is planned for completion by 2012, it will provide an opportunity for the real diversification of energy carrier supplies. As Moldova enters the oil product market, it will increase competition and may lead to a certain reduction in transportation costs as shipping is considered to be cheaper in comparison with rail or motor transport.

Inland waterways

Moldova has a small network of inland waterways which can be used to travel between North and South and to link up with international routes. This network is based on two rivers of average size:

- The Prut in the west, which marks the border with Romania and joins the Danube at Giurgiulesti,
- The Dniestr (or Nistru in Moldovan) in the east which cuts Transnistria off from the rest of Moldova and which joins the Black Sea in Ukraine.

Not including the new port on the Danube at Giurgiulesti, the network has three (3) river ports:

- Ungheni on the Prut, 407 km from the junction with the Danube, and therefore connected to the main Danube/Rhine corridor;
- Tighina/Bender on the Dniestr in Transnistria is 228 km from the estuary on the Black Sea;
- Ribnita, on the Dniestr and in Moldovan territory is 434 km from the estuary.

In total, Moldova has 1,356 km of inland waterways (716 km on the Prut and 640 km on the Dniestr). The major freight movement is on the Dniestr. The network currently cannot accommodate large tonnages, in particular bulk. Overall, the inland waterways are in need of substantial rehabilitation.

Airports and air transport

There is one major airport in Moldova - Chisinau International Airport. The airport was remodelled in 2000, and in 2006 Moldova signed The Aviation Cooperation Agreement with the EU, meaning that Moldovan aviation standards are accepted in Europe.

Thanks to its central location between Eastern and Western Europe, Chisinau International Airport offers excellent opportunities to international express delivery companies for the establishment of logistics centres. It is an excellent hub for international freight forwarders such as FedEx, UPS, and DHL.

There are seven regularly scheduled airlines operating out of Chisinau International Airport. The locally owned airlines are the state-owned Air Moldova and two private companies, Moldavian Airlines and Tandem Aero. Four foreign companies flying to Moldova are Turkish Airlines, Austrian Airlines, Tarom of Romania and Club Air of Italy.



Foreign Investment Guide

Transportation

The Free International Airport Marculesti (FIAM) offers national and international investors an excellent investment environment. The state owned enterprise „International Airport Marculesti” is the Airport Operator, General Investor and resident of Free Airport. FIAM was founded for a term of 25 years and has as a goal the acceleration of aerial transportation, aerial services, industrial production (export and foreign trade-related activities). The territory of FIAM consists of an aerodrome area (205.6 ha) and the Business Development area (59.6 ha).

FIAM operates on the territory of the ex- military aerodrome Marculesti; its staff represents more than 90% of ex-pilots, engineers and technicians of air force base,- highly qualified specialists, internationally licensed. FIAM owns Certificates of aerial Operator and Airport Operator.

The Free Airport’s residents have possibility to carry out the following:

- ground operation and air transport services;
- wholesale, excepting goods excluded from the civil circuit;
- industrial production of goods;
- processing of agro alimentary production;
- sorting, packaging, labelling and other such operations with goods transited through the Free Airport;
- paid services for Free Airport’s residents and foreign companies;
- other auxiliary types of activities, such as communal services, storage, construction, rent, public nourishment etc.

It is provided fiscal and customs regimes and others, assuring residents of favourable conditions as well as a lot of state’s guarantees. Monitoring and analysis of Free Airport’s activity will be performed by Government Representative without his intervention in economic and enterprising activity of residents.

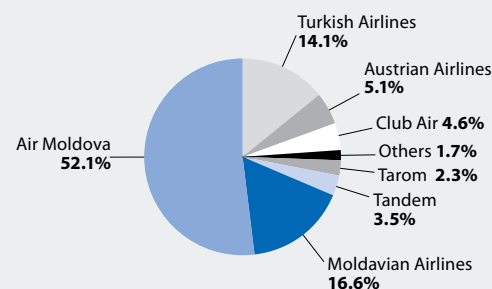
Direct flights to Chisinau



Airlines flying to Moldova



Market share



Source: State Administration of Civil Aviation RM Report 2007



Freight Forwarders

- Freight Forwarders Association**
of the Republic of Moldova
Chisinau
Tel: (+37322) 254024
Fax: (+373 22) 550158
aemtrans@moldovacc.md
- Air Moldova**
Tel: (+373 22) 526452 (Cargo
Manager), (+373 22) 526082 (Cargo/
Baggage), (+373 22) 524934
Fax: (+373 22) 526452
cargo@airmoldova.md
Website: www.airmoldova.md
- Austrian Cargo**
Tel.: (+38048) 7495525
Fax: (+38048) 490080
Website: www.austriancargo.com
or www.austrian.com
- Jet Line International**
Tel: (+380 44) 52792 63,
(+380 50) 3109356
Fax: (+380 44) 5279284
jetline@jetlineintl.com
Website: www.jetlineintl.com
- Moldavian Airlines**
Tel: (+373 22) 529356 (Scheduled
Flights), (+373 22) 529365 (Charter
Flights) (+373 22) 529367
Fax: (+373 22) 525064
operations@mdv.md or
sales@mdv.md
Website: www.mdv.md
- Tandem Aero**
Tel: (+373 22) 274139
Fax: (+373 22) 274139
- TAROM - Romanian Air Transport**
Tel: (+373 22) 272618
- Turkish Airlines**
Tel: (+373 22) 725008
Fax: (+373 22) 525006
Website: www.turkishairlines.com

The Road Network

Moldova's road network is its single most important physical infrastructure asset. It totals about 9,467 km, of which 3,329 km are classified as National Roads and the remainder as Local Roads. Considering the size of the country and its population, the road network size is mostly adequate, with little or no need for expansion.

Principal roads in Moldova are managed by the Ministry of Construction and Territorial Development through the State Road Administration. The public network is entirely state-owned and cannot be privatised or be subject to toll. The current network dates from the Soviet period.

The road network is structured in a star around Chisinau. This layout reflects the political centralisation which existed in the country before independence. The connections in the star make it possible to absorb the majority of the current internal traffic, but are likely to be quickly saturated. The star diagram comprises four large North-South and East-West routes.

International road transport is regulated through international bilateral agreements signed with 38 countries and 15 international conventions to which the Republic of Moldova is a party.

There are 5,755 economic agents involved in road transportation, including 3,720 enterprises involved in goods transportation and 2,035 enterprises engaged in passenger transportation. Passenger traffic by bus and microbus runs at a constant level, from 106 to 109 million passengers per year.

During the years immediately preceding and following independence, funding for maintenance and rehabilitation of the road network was very limited and so little was done. Recently the Government outlined in the Moldova Economic Growth and Poverty Reduction Strategy Paper an ambitious Transport Sector Program with special focus on the road sector. The Road Sector Program Support Project addresses the most important challenges of the road sector by targeting road network recovery and effective road asset management. Funding has been forthcoming from international sources.

Road traffic bound for Romania, Bulgaria, Ukraine, Russia, Greece, Poland, Portugal, Italy and other countries is developing and one of the most important objectives is the inclusion of the Republic of Moldova in the European transportation system. The 9th European transportation corridor linking the Scandinavian countries with the Balkan states will pass through the territory of the Republic of Moldova. This will accelerate integration of the Republic of Moldova into Europe, and create a favourable environment for the economy and employment.

The Rail Network

The rail network was constructed during the Soviet period and is a continuation of the Ukrainian network. It connects perfectly to the networks of the CIS, ensuring access to the seaport of Odessa and the expanding markets of the Black Sea and beyond. An ISO gauge route through Ungheni connects Moldova to Romania.

The working network has a length of 1,154 km and, with sidings and junctions included, 2,318 km. The most developed line is Ungheni - Chisinau.

The network is operated by the national company "CFM". The company employs around 14,000 people and has been going through a progressive but extended period of reorganisation.



Foreign Investment Guide

Labour

Moldova's economically-active population numbered 1.303 million persons in 2008, which represented 44.3 % of the total population. Of this total, 69.7 % worked in the private sector. Workers with general secondary and professional levels of education constituted 42 % of the work force, while persons with higher education made up 20.4 %. Among employed persons with higher education, women represented 42.2 % of the total work force. In rural localities, those with higher education constituted one third of the total working population.

The Labour Code

Employer/employee relations in Moldova are governed by the Labour Code, which includes basic principles regarding individual labour agreements, working hours, grounds for dismissal, holidays, salaries and compensations, guarantees and responsibilities, special protection measures for certain categories such as expectant mothers and young persons, and resolution of labour conflicts. A Collective Labour Agreement is concluded every year between the Government, the Federation of Professional Unions and the National Confederation of Patronage (independent union of employers).

Equal Opportunity

It is not acceptable under the Labour Code to refuse work or to give preference to workers based on differences in sex, nationality, religion, language, social situation, or other non-business characteristic, except in cases where this is compulsory for specific working conditions.

Trade Unions

Trade union activities are regulated by the Law on Trade Unions. All trade unions have the status of a corporate body and must be officially registered. Generally, unions are organised in accordance with the branch of industry to which they belong. Membership in a trade union is not compulsory, but among large and mainly state-owned enterprises unions have a high-level of influence, and historically have been very strong in negotiations on labour relations, being particularly effective in negotiating minimum wage legislation as well as other basic rights for employees. In small private companies unions tend to be less active. Unions have no right of participation in the management of a company and its commercial activities. Despite this, business decisions are sometimes discussed with unions, because of potential negative social consequences for employees.

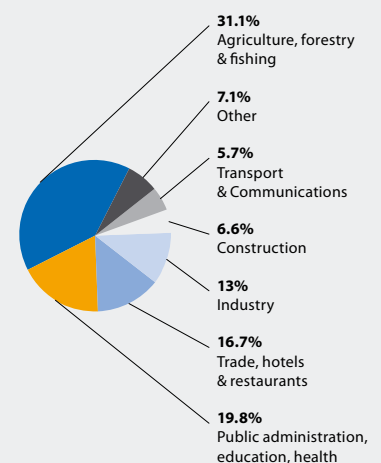
Lowest cost of labour in the region

Average monthly wage



Sources: National Bureau of Statistics, Moldova
State Statistics Committee of Ukraine
Romanian National Institute of Statistics

Labour force distribution by occupation, 2008



Statutory Holidays

New Year's Day:

1 January

Orthodox Christmas:

7 and 8 January

International Women's Day:

8 March

Orthodox Easter:1st and 2nd day of Easter (dates depending on religious calendar)**Memorial Day:**2nd Monday after Easter**International Labour Day:**

1 May

Victory Day:

9 May

Independence Day:

(Republic Day) 27 August

Language Day:

31 August

City Day:

Each city has its own City Day, which is a statutory holiday.

Employment Contracts

All employees conclude an Employment Contract, either individual and /or collective depending on the enterprise. Employment Contract clauses may not be stricter than equal provisions in the Labour Law. The contract has to be concluded in written form, indicating the position of the employee, salary level and other details. There are three basic types of employment contract:

- Indefinite length contracts;
- Contracts for a definite time period but extending to no more than five years;
- Project-specific contracts, which terminate when the task has been completed.

Moldovan labour legislation also provides for a probationary period of employment which can be extended for up to three months, and in certain cases up to six months.

Employment of Foreign Personnel

All citizens who stay in the country more than 90 days must be registered with the local authorities and must obtain a temporary immigration certificate and a residence permit. Those who intend to work in the country also have to obtain a work permit. Foreign personnel can obtain visas and residency permits when they are employed in enterprises with foreign investments. In general, foreign citizens have the same rights and obligations as Moldovan citizens. Foreign who intend to work in the country have to obtain the permit for temporary stay for labor purposes. The permit for temporary stay for labor purposes is issued based on the decision of National Employment Agency on granting of the right to work and the decision of the Ministry of Home Affairs on granting the right to temporary stay for labour purposes.

For the foreign citizen/stateless person or the representative of the foreign juridical person, holding the position of manager of enterprise that made investments:

- exceeding 10 thousand USD, but not more than USD 100 thousand, shall be granted the right to work and the right to temporary stay for labour purposes for a period of up to 2 years with the possibility to extend it for a new period;
- exceeding 100 thousand USD, but not more than USD 250 thousand, shall be granted the right to work and the right to temporary stay for labour purposes for a period of up to 3 years with the possibility to extend it for a new period;
- exceeding 250 thousand USD, shall be granted the right to work and the right to temporary stay for labour purposes for a period of up to 5 years with the possibility of extending it for a new period not exceeding the validity term of the national ID card.

The right to work shall be revoked if:

- a) the employment contract was terminated;
- b) a decision to diminish the period of stay for labour purposes;
- c) upon the verification and/or notifications received from the competent authorities, it was concluded that the holder does not meet anymore the requirements under which the right to work was conferred/extended;
- d) at the holder's request.



Wages and benefits

The average gross monthly wage amounted to MDL 2,529 (€ 165) in 2008. Average wages for 2008, in selected economic activities and by ownership structure is as follows:

Activity Area	Average gross monthly wage, (€)	Foreign-Owned Companies (€)	Joint (Moldovan + foreign investments) (€)
Total	165	247	257
Agriculture, hunting and forestry	95	183	115
Fishing	90	-	-
Industry	200	-	-
mining and quarrying	245	-	-
processing	181	167	196
electric, thermal energy, gas and water	282	403	516
Construction	232	541	198
Wholesale and retail trade	163	267	213
Hotels and restaurants	140	255	175
Transport and communications	230	227	576
Financial activities	356	470	398
Real estate activities	214	473	265
Public administration	184	-	-
Education	109	-	180
Health and social assistance	148	406	171
Other public, social and personal services	132	246	131
Entertainment, cultural and sports activities	-	103	290

Source: National Bureau of Statistics

Paid Holidays and Vacations

Workers are entitled to standard paid vacations at a minimum of 28 calendar days a year (not including statutory holidays). Additionally, the period between New Year and Christmas is characterised by very limited business activity. In summer, some companies, government agencies and the courts operate with reduced hours and staff, especially during the month of August. Additional paid leave may be given to employees for special occasions such as a marriage, birth of a child, death of relatives, study, etc. Sick and maternity leaves are paid from the Social Insurance Budget. In the first year of employment holiday leave must be delayed until six months of employment have been completed.

Standard Working Hours

The standard working week set out in the Labour Code is 40 hours, over five or six working days, although this is usually Monday to Friday. Overtime may be accepted only in certain cases but is not allowed to exceed 120 hours per year, or 240 hours per year in

The Government of the Republic of Moldova has established the amount of the minimum salary applicable for the whole country irrespective of the industry, economic area, legal organizational form etc.

Starting on 4 July 2007, the minimum salary for non-governmental employees is MDL 900 (€53) per month.



Labour

exceptional cases. Working hours on weekends or holidays, as well as overtime during the working week, can be either compensated with free time or paid. Overtime compensation is generally paid at 150% of the hourly-rate for up to a specified number of hours and 200% beyond this, although this is specific to individual enterprises. Certain other conditions apply to pregnant women, women with children, persons under 18 years of age and disabled persons in regard to working conditions, including holidays and limitations on overtime.

Health and Safety

Employers have to ensure necessary levels of safety at work. Where the health of an employee is affected negatively, the company is considered responsible. Those working under hazardous conditions must be supplied with special clothing, boots and other protection where necessary.

Social Insurance

All employers and employees must contribute to the state social insurance system. Employers must pay into the Social Security Fund a contribution in the amount of 23% of the total salaries of their employees and 3.5% for medical insurance. Employees pay a contribution in the amount of 6% of gross salary for pension fund and 3.5% for medical insurance, which is deductible for income tax purposes. Contributions to the social insurance system provide an employee with rights to pensions; illness, pregnancy and child care benefits; professional accident and unemployment insurance; and other social care services. Medical insurance for foreign citizens in Moldova is compulsory. The social insurance system covers only those foreign employees who have personally applied for it, with the same rule applying for contributions to the pension fund.

Termination of Employment

An employee may terminate his/her relationship with an employer, and thereby be released from the Employment Contract by giving a minimum of two weeks written notice. No reason need be offered for leaving. In the event that both parties are in agreement, the Employment Contract may be terminated earlier. In the case of an employer who wishes to terminate an employee, the conditions for dismissal may include lack of qualifications for the position; legal restructuring of the business unit. In the case of liquidation of the unit or reduction in the number of personnel the employer is required to notify the employee two months in advance of dismissal. In the case where the employee proves unsatisfactory for the position one month's notice is required.



Foreign Investment Guide

Education

The education system in Moldova consists of a range of state and private institutions. All these bodies operate under educational standards developed by the Ministry of Education and Youth of the Republic of Moldova. There are 31 institutes of higher learning, including universities, which provide training in the humanities, economics, sciences, engineering and technical fields to 114,865 students in 2008. The main centers of education are Chisinau, Balti, Cahul, Tiraspol and Comrat. The number of post-secondary institutions has grown in recent years and private education has become increasingly popular. Business administration courses in English have been introduced in cooperation with the US and Canada, as well as with the European MBA programme run by the Grenoble Graduate School of Business from France.

Education is compulsory for children from 6 years to 15. Compulsory education progresses through preparation for primary school, then primary school and then lower secondary gymnasium. As a rule pupils then continue their education at lyceums for 3 years and at general culture schools for 2 years. Next steps in education are either colleges (2-3 years), professional schools (3 years) or vocational schools (1 year). Higher education studies take 4-6 years, with masters' degrees taking 1-3 years, PhD studies, 3-4 years and post-doctoral studies 2 years.

Moldovan is the compulsory language in schools, and foreign languages are taught in all secondary and high schools. The curriculum calls for foreign language study in the second form, with other languages added one or two years later. French is taught in 83% of all secondary and high schools, English in 47%, German in 9%. Instruction is also provided in Italian, Spanish, Turkish and Latin.

Secondary and Post-Secondary Education

Upper Secondary and Post-Secondary Education is available at lyceums (3 years study) and at general culture upper secondary schools (2 years). Pupils start at 16. Admittance is conditional on having a lower secondary school graduation certificate. Graduation from lyceums with a baccalaureate degree is at 18. Students graduate from upper secondary schools at 19 but with certificates. Graduates of general culture secondary schools can earn their baccalaureate either during their post-secondary education or at the end of the first year of higher education. Post-secondary education is available at colleges (2-3 years study from 18-20), vocational schools (1 year) and professional schools (3 years from 18-21).

School attendance by number

- In the school year 2008-2009, 434,300 pupils attended 1519 primary schools and general secondary schools.
- There are 52 professional schools and 23 vocational schools. In 2008, 24,270 pupils were enrolled in secondary professional institutions for 76 professions.
- The network of higher education includes 17 state institutions and 14 private educational institutions. In the academic year 2008/2009, 114,865 people are studying at the higher educational institutions.

Teacher training

In 2003 the Government introduced important changes to teacher training. The new educational policy (Strategic Methodology for Continuous Teacher Training) introduced measures to secure the improved development of teachers, improve the overall system and adjust it to European standards.

Moldova is a member of the Organisation Internationale de la Francophonie, and in 2012, Chisinau will host the Francophone Summit.

Contact the ASM

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Chisinau, Moldova
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Professional Education

Professional education comprises general, technical professional and practical components designed to develop professional competencies. The state guarantees training for those under 16 who do not go on to attend lyceums or general culture schools, and in 2008 24,270 students were registered. Pupils who graduate by examination receive graduation certificates describing the distinct modules and components of study they have followed. These certificates may be presented to employers to secure work. Graduates of colleges and professional schools may progress to higher education, while graduates of vocational schools will join the labour market.

Higher Education

After three years of higher education, graduates gain the title of Bachelor (Licentiate). They receive the Bachelor Diploma, the analytical Program and the Supplement to Diploma. This allows them either to enter employment or to continue their studies in Master's degree courses. Master's courses last from 1 year to 2 years. One year courses involve intensive study. Two year courses usually integrate study with scientific research in various modules for which the student earns transferable credits. Successful completion of a Masters' course leads to the award of Master in the chosen field of study. Graduates of Masters Programs can occupy positions in higher education, research and design and in national and multinational enterprises. They may also apply for doctoral studies.

Scientific and R&D Institutions

In 2007/2008, 43 research institutions were operating in Moldova incorporating 345 doctors. The Academy of Sciences of Moldova (ASM) is a renowned scientific research institution. In 2004 under the Code on Science and Innovation, the Academy of Sciences received full powers to coordinate and promote innovations and technology transfer. The Academy is autonomous and functions on principles of self-administration. Scientific institutes of the Academy include: Economic and Mathematical; Physical and Engineering; Biological, Chemical and Environmental; Agricultural; Medical; Humanities and Arts. Academicians, Corresponding Members of the ASM, honourable members of the ASM and scientific researchers represent these institutes. Researchers work to achieve practical scientific objectives, in line with strategies for science and innovation development.



Foreign Investment Guide

Company Registration & Licensing

A foreign investor can establish a business in Moldova by collaborating with a Moldovan firm or individual or by acting alone. The business can be either newly-registered or be an existing enterprise acquired with cash or by purchase of shares, stocks and/or other securities. As long as the business proposed does not damage the environment or the health of the population, disturb public order, offend public morality as expressed in regulations and laws, violate the interests of state security or be in breach of anti-monopoly legislation, a foreign investor may establish any business in Moldova. Certain types of activity require a license from an authorised government body prior to commencing such activities.

The Law on Entrepreneurship and Enterprises, and the Law on Investment in Entrepreneurial Activity indicate that enterprises with foreign investment may be founded in any business form. This includes limited liability companies, joint stock companies, joint ventures and representational offices.

Limited Liability Companies

The Law on Limited Liability Companies of the Republic of Moldova governs the establishment of limited liability companies. A limited liability company can be established by a founder or founders who are either individuals or legal entities, but it may not have more than 50 associates. The ownership contribution of each founder must be specified in the company's Articles of Association. The minimum capital requirement for a limited liability company is MDL 5,400 (€336). Where the limited liability company is set up by one person only, 100% of the share capital must be paid prior to registration. At the end of the year, following the Annual General Meeting of the company, profits may be distributed among the founders depending on their contribution to the share capital. The founders of the company have a pre-emptive right to purchase other member's shares in the company before they are offered for sale to a third party.

Joint Stock Companies

Joint stock companies are also regulated by the Law on Joint Stock Companies. A joint stock company may be founded by one or more individuals or legal entities that combine their properties for further joint entrepreneurial activity under one firm on the basis of the Articles of Association. Capital in the joint stock company is divided into shares among shareholders in accordance with their contributions. Joint-stock companies have to be registered by the state and their shares have to be registered at the National Securities Commission. The minimum ownership capital required for the incorporation of a joint stock company is MDL 20,000 (€1,246). Types of contributions to the ownership capital is determined by the Articles of Association and may be cash; fully paid-in securities; or other assets, includ-

- Legislation allows the establishment of a wide range of business entities, including wholly foreign owned companies and branches
- The most common type of company is the Limited Liability Company followed by the Joint Stock Company
- Non-resident companies are entitled to establish branches and representational offices in the Republic of Moldova

The legal framework within which a business, including a foreign business, may be established is contained in the following:

- The Civil Code;
- The Law on Limited Liability Companies;
- The Law on Joint Stock Companies;
- The Law on Investments in Entrepreneurial Activity;
- The Law on Entrepreneurship and Enterprises;
- The Law on State Regulation of Foreign Trade;
- Regulations of Economic Societies;
- The Law on Insolvency;
- The Law on Administration and Deetatisation of Public Property.

Foreign Investment Guide

Company Registration & Licensing

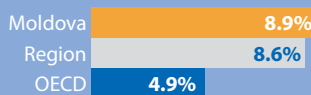
Starting a Business (2009)

The challenges of launching a business are shown below. Included are: the number of steps entrepreneurs can expect to go through to launch, and the cost and minimum capital required as a percentage of gross national income (GNI) per capita.

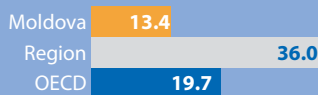
Procedures (number)



Cost (% of income per capita)



Min. capital (% of income per capita)



Source: The World Bank Group, "Doing Business in 2009"

ing ownership rights or other rights that have monetary value. The statutory capital of a joint stock company must be formed before registration, except for non-monetary contributions, which must be transferred to the company within one month of registration. The supreme administrative body of a joint stock company is the General Shareholders Meeting, which must be held no less than once a year. Its decisions are mandatory for the company and its shareholders. Between General Shareholders Meetings the Board of Directors and/or its Chairman shall represent shareholders' interests. A joint stock company is a legal entity and is responsible for its liabilities. The shareholders of a joint stock company are liable only to the amount of the value of their shares.

Joint Ventures

In Moldova, enterprises with foreign participation may be created in the form of joint ventures which may take the form of a limited liability company or a joint stock company. Joint ventures are thus enterprises complying with Moldovan legislation where the statutory capital is partially formed from foreign investments. Resident enterprises with foreign investment participation (joint ventures) may establish branch offices in Moldova, but these may not be separate legal entities.

Representational offices

Non-resident foreign enterprises (foreign companies) may establish representational offices in Moldova as legal entities, which are wholly-owned by the foreign enterprise from the date of registration.

Registering a Company

The Law on Enterprises and Entrepreneurship, the Law on Limited Liability Companies and the Law on Joint Stock Companies set out the conditions for registering an enterprise in Moldova. The Chamber of Registration of the Republic of Moldova at 73, Stefan cel Mare Street, Chisinau is responsible for company registration (telephone: + 373 22 277311). The registration procedure is the same for a foreign company or for a domestic company, although some registration forms apply only to foreign companies with representation in Moldova.

Documents Required for Registration

- A copy of the parent company's registration certificate authenticated by a notary;
- An excerpt (extract) from the national commercial register of the investor's (foreign company's) country authenticated by a notary;
- Copies of the Certificate of Incorporation of the foreign company (the company's statute and constitutional agreement) authenticated by a notary;
- Certification of the foreign company's solvency, issued by the company's bank;
- Decision of the foreign company to establish a company with foreign investment in Moldova (this may be the report of the stockholders meeting, decision of the Board of Directors, etc.);



Foreign Investment Guide

Company Registration & Licensing

- Where an attorney is retained to oversee the registration procedure, a letter of authorisation for such as being the person authorised to establish a new company in Moldova;
- A legal address which may be the home address of one of the founders (in the case where one of the founders is a Moldovan resident or citizen); or the home address or office address of a resident (non-citizen), in the case where the resident has bought real estate in Moldova; or the address of the office, where the company will rent premises. In this case the landlord must provide a letter granting the company renting the premises with authorisation to register.

Registration Procedure

The procedure to be followed in the case of a Limited Liability Company, the most widely employed business structure, is as follows.

The founder or founders initially must:

- File all the required documents with the Chamber of Registration, and obtain an identification number;
- Open a temporary bank account and deposit at least 40% of the registered capital of the company; and pay the registration fee;
- Obtain the Registration Certificate and Constitutive Act;
- Obtain an official stamp from the Ministry of Information Development.

When these steps are completed, the Chamber of Registration will electronically:

- Register the company for VAT with the local Fiscal Inspectorate of the Ministry of Finance;
- Register the company with the National Bureau of Statistics of the Republic of Moldova;
- Convert the company's temporary bank account to a permanent account;

The total time required for this process is one day at a minimum, but may take up to 14 days.

Activities Subject to Licensing

The Law on Enterprises and Entrepreneurship states that an enterprise may engage in any type of non-prohibited activity. The Law on Licensing Certain Types of Activities lists the activities requiring licenses. Certain activities may require a license to be issued by the Chamber of Licensing, certain Ministries, or other public administration authorities. Licenses are required to be issued in no more than 15 days following submission of the license application.

Dealing with Licenses (2009)

Shown below are the procedures, time, and costs to build a warehouse, including obtaining necessary licenses and permits, completing required notifications and inspections, and obtaining utility connections.

Procedures (number)

Moldova	30
Region	23.6
OECD	15.4

Time (days)

Moldova	292
Region	257.2
OECD	161.5

Cost (% of income per capita)

Moldova	142.2
Region	680.4
OECD	56.7

Source: The World Bank Group, "Doing Business in 2009"



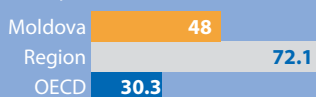
Registering Property (2009)

The ease with which businesses can secure rights to property is shown below. Included are the number of steps, time, and cost involved in registering property.

Procedures (number)



Time (days)



Cost (% of property value)



Source: The World Bank Group, "Doing Business in 2009"

The Licensing Procedure

In order to obtain a license, an enterprise manager or his/her authorized person or the physical person is required to file with the licensing authority an application in the established form specifying the following:

1. The enterprise's name, legal organisational form, legal address, premises, fiscal code of the organisation or the first name, surname, address and fiscal code of the physical person;
2. The type of activity, full or partial, for which the license applicant intends to obtain a license;
3. The location of branches and other stand-alone divisions of the enterprise which will carry out the activity under license;
4. The license applicant's confirmation of his/her ability to engage, on his/her responsibility, in a certain type of activity and authenticity of filed documents;
5. A copy of the enterprise's certificate of state registration or copy of identification card, if a physical person.

The document is to be filed in the original or in copies with the originals presented for verification. Electronic copies may also be used to support the documents. The license application and documents are checked and a signed certification of their receipt is provided to the license applicant. The license application is considered invalid when:

- the application is filed by a person without appropriate authorisation, or
- the documents provided do not fulfill the requirements.

The license applicant will receive a written notice if the application for a license is rejected. This will specify the reasons for refusal and will be forwarded within the timeframe authorised for issue of the license. When the applicant has eliminated the reasons for such refusal, a new license application may be submitted, which will then be reconsidered.



Foreign Investment Guide

Customs

The Customs Service of the Republic of Moldova is the central governing body for customs administration. Moldovan customs operations and import and export procedures are governed by the Customs Code of the Republic of Moldova, and the Law of the Republic of Moldova on Customs Tariff, which collectively deal with Customs general provisions, including the implementation of Customs policies, Customs valuations, Customs inspections, temporary admissions, Customs warehouses, Customs clearance, import duty refunds, Customs brokers, and Customs offences and penalties.

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

Goods are allowed to be imported into Moldova under several different types of regimes, including direct imports, whereby the goods brought into the Customs territory may be released into free circulation when all Customs fees are paid and all Customs documentation has been approved.

Transshipment is a Customs regime whereby goods move between two Customs jurisdictions without payment of Customs fees. Goods that are subject to export or import restrictions or bans are not allowed to be transhipped. The maximum time allowed for transshipments is 72 hours. Goods that are being transhipped must remain unchanged in character and composition, and must not be used for any purpose other than transshipment.

A Customs warehouse is a Customs regime that allows goods to be imported into the warehouse under Customs control without payment of Customs duties while they are stored in the Customs warehouse. Goods which are prohibited from import and export from the Customs territory may not be placed in the Customs warehouse. Goods warehoused in this manner may remain there for three years. Goods held in a Customs warehouse may be changed to comply with safety measures or may be prepared for sale through packing, labeling, etc. Customs warehouses may be public or private. Private warehouses are subject to license from the Customs Service.

Goods may be introduced into the Customs territory of Moldova for further processing under the inward processing regime. Import duties and taxes paid are refunded once the finished products are exported out of the Customs territory. Inward processing requires an authorisation from the Customs Service. The time-frame for inward processing is set by Customs based on the estimated feasible duration for production.

Free Trade Agreements

Agreements on free trade have been signed between Moldova and the following countries (2008):

-  Albania
-  Armenia
-  Azerbaijan
-  Belarus
-  Bosnia & Herzegovina
-  Croatia
-  Georgia
-  Kazakhstan
-  Kyrgyzstan
-  Macedonia
-  Russian Federation
-  Serbia
-  Turkmenistan
-  Ukraine
-  Uzbekistan

Customs

Types of Customs regimes:

- a. Import
- b. Re-import
- c. Transshipment
- d. Customs warehouse
- e. Duty free shop
- f. Processing in the Customs territory
- g. Processing under Customs control
- h. Temporary import
- i. Free zone
- j. Free Customs warehouse
- k. Processing outside the Customs territory
- l. Export
- m. Re-export
- n. Destruction
- o. Abandonment to the state

Temporary import is a further Customs regime which allows goods to be introduced into the Customs territory under complete or partial exemption from duties and taxes. Temporarily imported goods must be exported in an unchanged condition. Permits for temporary imports must be obtained from the Customs authorities.

The Customs regime that operates within a Free Zone allows goods to be introduced and used or exported from the Free Zone without payment of any Customs duties or fees. Production, commercial sale or other operation, but not retail trading, are allowed within a Free Zone. Goods may remain in the Free Zone for an unlimited period of time.

Companies may establish a free Customs warehouse on their premises whereby goods may be imported and stored free of Customs duties for the purpose of production, commercial sale or other transaction, but not retail sale. The free Customs warehouse must be set up to remain under Customs control, whereby it must be equipped with a locking mechanism that is accessible by Customs Officers. A license must be obtained to operate under the free Customs warehouse regime. Licenses are restricted to limited companies. Goods imported into a free Customs warehouse may remain for an unlimited time, but day-to-day accounting of the goods must be maintained.

Customs Charges

Goods moving across the customs border are subject to Customs duty and Customs fees. Customs duties are assessed on the basis of an in-kind quantity of goods or their value as determined by Customs. Value added tax is also payable on goods brought into the Customs territory of Moldova at the point of entry. The value of imported goods subject to VAT includes the value of the goods and the duties, taxes and charges payable on the goods, but not the VAT. Excise duties also are applied at Customs. These are assessed on the basis of an in-kind quantity of goods or their Customs value. The provision of Customs services is also subject to a fee of 0.1% on the value of exports and 0.4% on imports. This fee is assessed on a case-by-case basis, and depends on the value and the destination of the goods. All Customs fees are payable in advance of the Customs Declaration being filed.

Customs Clearance Procedures

When goods are brought in to the Customs territory including from the Free Zones and free Customs warehouses, the shipping agent must inform the Customs authorities of the crossing, at which point the Customs authorities appoint the time and place where the goods and the required documentation should be delivered for customs clearance.



Customs declarations may be made in writing or electronically using the Single Administrative Document (SAD), and are required to be filed within 72 hours following importation into the Customs territory. Where information is unable to be provided fully, a temporary or incomplete declaration may be made, but the missing information must be filed forthwith.

Customs valuation is carried out in accordance with the Law on Customs Tariffs which establishes the manner of determining and applying the Customs tariff on goods brought out of or taken into the country, the rules in regard to the right to import and/or export, and the method for determining value at Customs and determining the country of origin of the goods in question.

The average rate of customs duties on imports is 6% of the value of the goods. More than 50% of tariff lines are rated at 0%. For industrial goods, the average rate is 3.5%, and for agricultural products, the average is 11.5%.

Exemptions from Customs Duties

Preferential customs treatment is granted by the provisions of Moldovan legislation or by the international agreements to which Moldova is a party. Customs duties are not levied on imports from the 15 countries with which Moldova has signed free trade agreements, provided a Certificate of Origin is made available.

In addition, the following lists exemptions from customs duty which are also provided under Moldovan Customs legislation:

- National and foreign currency, as well as securities;
- Goods released in the customs territory as humanitarian aid;
- Goods imported by individuals for personal use, not exceeding a set threshold;
- Periodicals, books of an educational, cultural, or scientific nature, didactic materials for pre-schools, and educational and remedial institutions;
- Stocks of material and capital equipment whose customs value exceeds MDL 3,000 (€ 179) per unit and which are imported to the country as fixed assets, representing a contribution to the formation or increase of statutory capital;
- Goods introduced into Moldova on the basis of an international leasing agreement and placed under the regime of temporary admission;
- Goods to be sold in Duty Free shops;
- Goods released into the Customs territory on a temporary basis under Customs supervision;
- Goods and services imported by residents of industrial parks and business incubators;
- Goods imported for non-commercial purposes whose customs value does not exceed € 50.

Fees charged by the Customs Authorities:

- a. Customs duty;
- b. Value added tax;
- c. Excise taxes;
- d. Customs service fee;
- e. License and license renewal fee;
- f. Custom auction fee; and
- g. Other fees envisioned by law.



Customs Appeals

Any person has the right to appeal against decisions or actions of the Customs authorities, including Customs Officers. Initial appeals are made to the Customs Administration. Such administrative appeals must be made in writing within ten days of the alleged offence. The Customs authorities are obliged to respond to such appeals within one month, although this may be extended to a second month, where the case presents unusual difficulties.



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Value Added Tax (VAT)

Value Added Tax, or VAT, is an indirect tax payable on the supply or import of goods and services to and within the territory of Moldova. It is a general, broadly-based tax assessed on business transactions based on the value added to the goods and services. It applies to most goods and services that are bought and sold for use or consumption within Moldova. Goods sold for export, or services sold to customers abroad are normally not subject to VAT. However, imports are taxed to keep the system fair for Moldovan producers so that they can compete on equal terms with suppliers situated outside Moldova. VAT is a general tax because it applies to all commercial activities; it is a consumption tax, because it is paid by the final consumer; and is an indirect tax paid to the tax authorities by the seller of the goods or services in question who is the taxable person.

Taxable Persons

For the purposes of VAT, a taxable person is any individual, partnership, or company that imports or supplies taxable goods and/or services to others in the course of doing business and is registered or is subject to registration with the Ministry of Finance for the payment of VAT.

Requirement to Register for VAT

All business with sales exceeding MDL 300,000 (€ 17,921) over a 12-month period must register for VAT with the local Fiscal Inspectorate of the Ministry of Finance where they are issued with a VAT identification number. This number must appear on all VAT invoices. Exceptions to the requirement for registration are government bodies, public agencies, medical-sanitary institutions and holders of business patents who are not required to pay VAT. Businesses with sales exceeding MDL 100,000 (€5,973) over a 12-month period may register for VAT if payments for goods and services they provide are made through bank transfers.

VAT Rates

The standard rate of VAT is 20%. This applies to all goods and services produced within Moldova, as well as to all imported goods and services that are subject to VAT. A reduced rate of 8% applies to medicines, bakery and dairy products originating from Moldova, although food products for children are exempt from VAT. This rate also applies to sugar made from sugar beet either produced domestically or imported. A 5% rate applies to imported or domestically-produced natural or liquefied gas. Certain other products are zero-rated or are VAT-exempt.

There are four rates of VAT: 20%, 8%, 5% and 0%

Only VAT registered entities are entitled to deduct and to refund VAT

Stocks of material and capital equipment, the customs value of which exceeds MDL 3,000 (€179) per unit and which are imported into the country as fixed assets, representing a contribution to the formation or increase of the statutory capital, are exempt from VAT

Products/services exempt from VAT

- Baby food;
- Children's products;
- Privatised State property;
- Medical services;
- Financial services;
- Securities transactions;
- Insurance products;
- Postal services;
- Imports of electricity;
- Automobile imports;
- Gambling;
- Books;
- Periodicals;
- Art works;
- Cultural events;
- Interest income from leasing;
- Temporary imports;
- Re-import of domestic goods;
- Scientific services
- Non-commercial goods of less than € 50 etc.

Products and services VAT-rated at 0%

- Exported goods;
- Exported services;
- International transportation;
- Electrical power;
- Water supplies;
- Goods for diplomatic missions;
- Services for diplomatic missions;
- Goods used in technical assistance projects;
- Services used in technical assistance projects;
- Mortgage credits for construction;
- Goods delivered to/from the Free Economic Zones;
- Services delivered in/out of the Free Zones;
- Garment industry inward processing.

How is VAT charged?

A supplier of goods or services subject to VAT must submit a VAT invoice to the purchaser. The VAT due on any sale is a percentage of the sale price but from this the taxable person is entitled to deduct all the VAT paid at the preceding stage. Double taxation is thus avoided and tax is paid only on the value added at each stage of production and distribution. Accordingly, the final price of the product is equal to the sum of the values added at each preceding stage, with the final VAT paid being an accumulation of the sum of the VAT paid at each stage. At the end of the tax period (usually the end of the month following the reporting month) payers of VAT must complete and submit a VAT return to the tax authorities.

VAT on Imports

VAT on imported goods must be paid as part of the customs clearance process. VAT on imported services must be paid no later than the date of payment for such imported services.

VAT on Temporary Imports

Goods temporarily imported into Moldova for further processing and re-export or moved through Moldova under a transit regime are not subject to VAT, excise duty or customs duty. Businesses involved in this type of operation must conclude individual arrangements with the Customs Office. The duration of the transit of goods through the territory of Moldova is set out by the customs authorities, but is not to exceed eight days from the time the goods in question pass through the Customs borders of Moldova.



Foreign Investment Guide

Personal Tax

Personal income tax in Moldova is regulated by the Tax Code. Resident individuals are taxed on income derived from Moldovan sources and on financial and investment income derived from abroad. Non-residents are taxed on income that derives from sources located within Moldova.

Who is Required to File a Tax Return?

The following persons are required to file an income tax return in Moldova:

- Residents who have income tax liabilities;
- Residents whose wage and salary income exceeds MDL 21,000 (€ 1,254) a year. However, where salary is the only source of income, an employee is not required to file a tax return;
- Residents who do not have tax liabilities, but derive income from wages and any other sources exceeding MDL 21,000 (€ 1,254) per year.
- Residents who do not have tax liabilities, but derive income from sources other than wages and salaries that exceeds the amount of personal exemption of MDL 5,400 (€ 322) a year;
- Non-residents who earn income from sources within Moldova must pay taxes on those earnings at the same rates as those applying to Moldovan residents. Expenses, losses and other payments directly related to the income are not deductible. Individuals, who are non-residents, are not entitled to personal exemptions, spousal exemptions or dependant exemptions.

Taxable Income

An employee's gross income includes base pay, overtime pay, supplementary pay, awards and bonuses, compensation for unused holiday or vacation time, and all other monetary or in-kind benefits, as well as other services obtained without payment. Income from each item is defined as the total amount of revenues received, irrespective of the period in which it was generated.

Personal Tax Rates

The Tax Code established the following progressive individual tax rates:

- 7% for annual income up to MDL 25,200 lei (€ 1590);
- 18% for an annual income up that exceeds MDL 25,200 (€ 1590).

Tax Withholding

Income tax is withheld from an employee's salary and paid by the employer at the same time as monthly salaries are paid. Payment is made through a bank payment order. The employer files monthly tax returns concerning the salaries paid and the related taxes withheld. A foreign individual on a local contract is in the same position as a Moldovan employee. In cases where

Residents

A person is considered to be a resident of Moldova when:

- He/she has a permanent domicile address in Moldova; or
- He/she is physically present in Moldova for a period exceeding 183 days during a fiscal year.

Non-Residents

A person is considered to be a non-resident if he/she is not a resident under the normal definition, or

- He/she has the status of diplomat or consul or is a family member of such official;
- He/she is an official of an international organisation, or is a member of the family of such an official;
- He/she is in the country for study or business;
- He/she is in transit through the territory of Moldova.

An individual's taxable income includes:

- Income from any professional or business activity;
- Income from investment funds;
- Benefits in kind, payments for personal services, bonuses, honoraria, commissions, fees etc.;
- Rental income;
- Capital gains on the sale capital assets;
- Interest, royalties, annuities;
- Investment or financial income from abroad (dividends, interests, royalty and rent payments received from non-residents);
- Benefits, such as payments during illness from the State Social Security Fund.

Non-taxable sources of personal income are:

- Benefits from insurance policies;
- Compensation for illness from health insurance policies;
- Income from alimony payments;
- Scholarship income;
- Dividends from a resident business entity paid to resident individuals;
- Bank deposit interest;
- Income from international organisations;
- Lottery winnings;
- Winnings from gambling activities;
- Donations or inheritances;
- Compensation for moral damage;
- Indemnity for professional disease;
- Gains from promotional campaigns where the value does not exceed MDL 450 (€ 27).

a person has any other income except salary, he/she must file a tax return with the tax authorities before 31 March of the subsequent fiscal year.

Exemptions and Deductions

Taxable income from all sources may be reduced by the deductions and exemptions an individual is entitled to. Each resident taxpayer is allowed to claim a personal exemption of MDL 7,200 (\$ 693) per year and MDL 1,680 (\$ 162) for each dependant. Deduction of personal and family expenses is not an allowable deduction.

Capital Gains Tax

Capital gains or losses derive from the sale of capital assets, and may include:

- Securities used in business activities;
- Acknowledgments of debt;
- Private property not used in business activity, which is sold at a price that exceeds its fiscal value;
- Land;
- Option to purchase or sell capital assets.

The taxpayer is allowed to deduct capital losses only to the extent that these do not exceed capital gains. The amount of taxable capital gain deriving from the sale of houses or apartments is reduced by MDL 10,000 (€ 597) for each year after 1997 during which the individual owned the asset and used it as his/her main residence.

Social Security Contributions

Contributions to the Social Fund are obligatory. Employers are required to contribute 24% in 2008 and 23% in 2009 of the gross salary of their employees to the Social Fund. Employees pay an individual contribution of 5% of their gross salary. Social Security contributions are deductible for income tax purposes for both the employer and the employee. Foreign citizens working in Moldova in a company where foreign capital is employed are not required to make social insurance contributions.

Medical Insurance Contributions

Contributions for medical insurance are obligatory, and are established respectively in 2008 at 3% and in 2009 at 3.5% of wages and salaries for both employers and employees. The premium is deducted from the taxable income.

Tax Overpayments

If income tax was calculated, withheld or paid incorrectly, the taxpayer has the right to submit to the tax authorities, within the established terms, a new tax return with accurate data. Any overpaid amount may be offset against other taxes or reimbursed to the taxpayer. It also can be offset against future income tax.



Foreign Investment Guide

Useful Contacts

The Administration of the President of the Republic of Moldova

154, Stefan cel Mare Ave., Chisinau MD-2073
Tel: + 373 22 234 793, 504 260; Fax: + 373 22 251 040
Web site: www.presedinte.md

Parliament of the Republic of Moldova

105, Stefan cel Mare Ave., Chisinau MD-2073
Tel: + 373 22 233 229, Fax: + 373 233 210
E-mail: info@parlament.md
Web site: www.parlament.md

Government of the Republic of Moldova

1, Piata Marii Adunari Nationale, Chisinau MD-2033
Tel: + 373 22 250 104, 250 105, 250 427
Fax: + 373 22 250 101; 242 696
Web site: www.gov.md

Ministry of Economy and Trade

1, Piata Marii Adunari Nationale, Chisinau MD-2033
Tel: + 373 22 237 448 / 250 107; Fax: + 373 22 234 064
E-mail: mineconcom@mec.gov.md
Web site: www.mec.gov.md

Ministry of Foreign Affairs and European Integration

80, 31 August 1989 str., Chisinau MD-2012
Tel: + 373 22 233 940; Fax: + 373 232 302
E-mail: secdep@mfa.md
Web site: www.mfa.md

Ministry of Finance

7, Cosmonauților str., Chisinau MD-2005
Tel: + 373 22 226 629; Fax: + 373 22 240 055
Web site: www.mf.gov.md

Ministry of Agriculture and Food Industry

162, Stefan cel Mare Ave., Chisinau MD-2004
Tel: + 373 22 233 427; Fax: + 373 22 210 204
E-mail: ministru.agricultura@moldova.md
Web site: www.maia.gov.md

Ministry of Constructions and Territorial Development

9, Cosmonauților str., Chisinau MD-2005
Tel: + 373 22 204 569; Fax: + 373 22 220 748
Web site: www.mcdt.gov.md

Ministry of Local Public Administration

1, Piata Marii Adunari Nationale, Chisinau MD-2033
Tel: + 373 22 200 170;
Fax: + 373 22 238 922
Web site: www.mapl.gov.md

Ministry of Culture and Tourism

1, Piata Marii Adunari Nationale, Chisinau MD-2033
Tel: + 373 22 227 620; Fax: + 373 22 232 388
E-mail: promo@turism.md
Web site: www.turism.gov.md

Ministry of Education and Youth

1, Piata Marii Adunari Nationale, Chisinau MD-2033
Tel: + 373 22 233 348; Fax: + 373 22 233 515
E-mail: consilier@edu.md
Web site: www.edu.md

Government Institutions

Moldovan Investment and Export Promotion Organisation

65, Alexe Mateevici str., Chisinau MD-2009
Tel: + 373 22 273 654,
Fax: + 373 22 224 310
E-mail: office@miepo.md
Web site: www.miepo.md

Agency for Restructuring and Enterprise Assistance

75, Alba Iulia str., of. 903, Chisinau MD-2071
Tel: + 373 22 589 291, 589 286, 589 284;
Fax: + 373 22 589 285
E-mail: aria@aria.md;
Web site: www.aria.md

Chamber of Commerce and Industry

151, Stefan cel Mare Ave., Chisinau MD-2004
Tel: + 373 22 221 552; Fax: + 373 22 234 425
E-mail: camera@chamber.md
Web site: www.chamber.md

Customs Department

30, Columna str., Chisinau MD-2001
Tel./Fax: + 373 22 273 061

National Institute of Standardisation and Metrology

28, Eugen Coca str., Chisinau MD-2064
Tel: + 373 22 748 542; Fax: + 373 22 245 414
E-mail: moldovastandard@standard.md

National Bureau of Statistics

106, Grenoble str., Chisinau MD-2019
Tel: + 373 22 403 000; Fax: +373 22 226 146
E-mail: moldstat@statistica.md
Web site: www.statistica.md

State Agency of Industrial Property Protection

24/1, Andrei Doga str., Chisinau MD-2024
Tel: + 373 22 443 253; Fax: + 373 22 440 119
E-mail: office@agepi.md

Foreign Investment Guide

Useful Contacts

Foreign Embassies in Moldova

Embassy of Azerbaijan

127, Stefan cel Mare Ave., Chisinau, MD-2004
Tel: +373 22 214 209; Fax: +373 22 214 209
E-mail: azembassy@moldnet.md

Embassy of Belarus

35, Mateevici str., Chisinau, MD-2009
Tel: +373 22 238 273; Fax: + 373 22 238 302
Web site: www.belembassy.org/moldova

Embassy of Bulgaria

92, Bucuresti str., Chisinau, MD-2012
Tel: +373 22 238 910; Fax: +373 22 237 978
E-mail: ambasada-bulgara@meganet.net

Embassy of China

124, Mitropolit Dosoftei str., Chisinau, MD-2004
Tel: +373 22 210 712; Fax: +372 22 295 960
E-mail: chnembassy@126.com

Embassy of the Czech Republic

23, Moara Rosie str., Chisinau, MD-2005
Tel: +373 22 296 419; Fax: +373 22 296 437

European Commission Delegation to Moldova

12, Kogalniceanu str., Chisinau, MD-2001
Tel: +373 22 505 210, Fax: +373 22 272 622
Web site: www.ec.europa.eu

Embassy of France

6, Vlaicu Parcalab str., Chisinau, MD-2009
Tel: +373 22 200 400; Fax: +373 22 200 401
E-mail: amb-fr@cni.md
Web site: www.ambafrance.md

Embassy of Germany

35, Maria Cebotari str., Chisinau, MD-2012
Tel: +373 22 200 600; Fax: +373 22 234 680
E-mail: chisinau@deutsche.botschaft.riscom.md
Web site: www.chisinau.diplo.de

Embassy of Hungary

131, Stefan cel Mare Ave, Chisinau, MD-2004
Tel: +373 22 223 404; Fax: +373 22 224 513
E-mail: mission.kiv@kum.hu
Web site: www.mfa.gov.hu/emb/chisinau

Embassy of Poland

3, Plamadeala str., Chisinau, MD-2009
Tel: +373 22 238 552; Fax: +373 22 238 553
E-mail: polemb@mtc.md
Web site: www.kiszyniow.polemb.net

Embassy of Romania

66/1, Bucuresti str., Chisinau, MD-2012
Tel: +373 22 228 126; Fax: +373 22 228 129
E-mail: ambrom@moldnet.md
Web site: www.chisinau.mae.ro

Embassy of Russia

153, Stefan cel Mare Ave, Chisinau, MD-2004
Tel: +373 22 234 941; Fax: +373 22 235 107
E-mail: domino@mtc.md
Web site: www.moldova.mid.ru

Embassy of Turkey

60, V. Cupcea str., Chisinau, MD-2021
Tel: +373 22 509 100; Fax: +373 22 225 528
E-mail: turkembassy@arax.md

Embassy of Ukraine

17, Vasile Lupu str., Chisinau, MD-2008
Tel: 373 22 582 151; Fax: +373 22 582 108
E-mail: ambasua@starnet.md

Embassy of the United Kingdom of Great Britain and Northern Ireland

18/1, Nicolae Iorga str., Chisinau, MD-2012
Tel: +373 22 225 902; Fax: +373 22 251 859
E-mail: enquiries.chisinau@fco.gov.uk,
Web site: www.britishembassy.md

Embassy of the United States of America

103, Alexei Mateevici str., Chisinau MD-2009
Tel: +373 22 408 300; Fax: +373 22 233 044
http://moldova.usembassy.gov

International Organisations

World Bank Country Office in Moldova

20/1 Puskin str., Chisinau MD-2012
Tel: + 373 22 200 706; Fax: +373 22 237 053
E-mail: missions@worldbank.org
Web site: www.worldbank.org/md

International Monetary Fund

1 Piata Marii Adunari Nationale,
Chisinau, MD-2033
Tel: +373 22 233 232; Fax: +373 22 232 767
E-mail: imf@imf.md
Web site: www.imf.md

The Information Office of the Council of Europe in Moldova

78 A, 31 August 1989 str., Chisinau, MD-2012
Tel: + 373 22 241 096; Fax: + 373 22 241 096
E-mail: informchisinau@coe.int
Web site: www.bice.md

European Bank for Reconstruction and Development

98, 31 August 1989 str., Office
309, Chisinau MD-2012
Tel: +373 22 210 000; Fax: +373 22 210 011
Web site: www.ebrd.com



Investment & Export Promotion

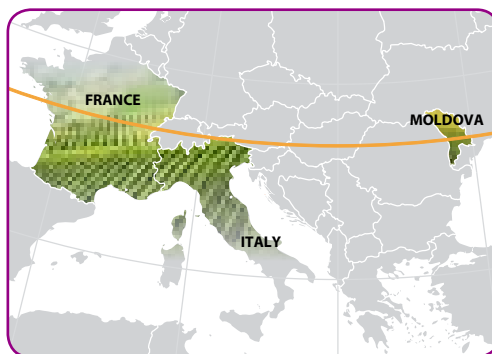
The Wine Industry

Moldovan wines have been appreciated and awarded prizes at many international wine competitions in Europe, Russia and America, including Chardonnay du Monde and Muscats du Monde (France); the International Wine and Spirit Competition (London, UK); VinItaly (Verona, Italy); INTERVIN (Toronto, Canada); and Concours Mondial de Bruxelles (Brussels, Belgium).

Moldova's wine industry is expanding:

- Financial efforts to increase the acreage of vineyards, renovate production facilities, improve the technology and ultimately the quality;
- Human resources by attracting international experts and training Moldovantechnologists;
- Marketing efforts to develop new products, increase awareness of Moldovan wines and penetrate new markets.

Moldova is situated in the south-western part of Eastern Europe. The territory is a rolling hilly plain, with valleys accounting for a major portion of the land mass, and their slopes making up 57% of the whole surface. The moderate continental Moldovan climate boasts plenty of sunshine and warmth, and is characterized by a long warm period of 260-290 days, and a relatively short cold period that lasts only 75-105 days. The soil is highly fertile and grapes have been cultivated on this territory for at least 5,000 years. The main areas are at latitudes of 46-48°, the same as the famous French wine-growing regions of Bordeaux and Bourgogne as well as the popular wine regions of northern Italy.



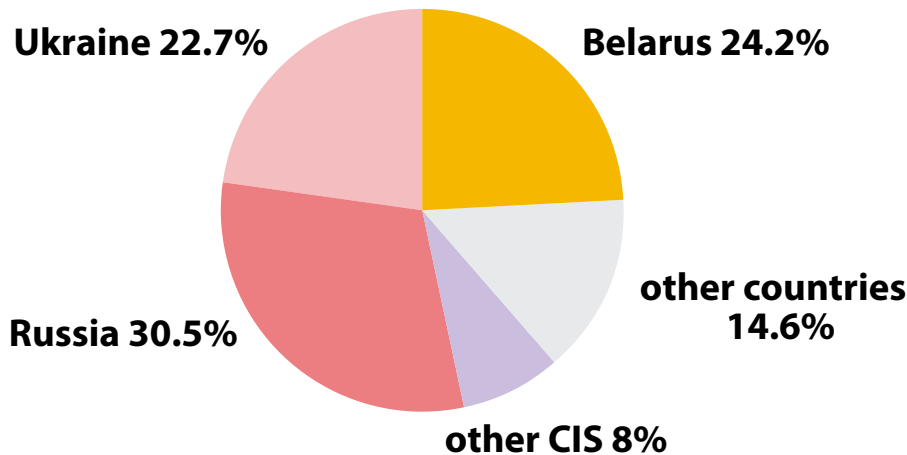
Winemaking is a major part of the Moldovan economy, accounting for 18%-20% of GDP, employing around 27% of the country's labor force. Wine has been a major area for foreign investment in Moldova. Wine making traditions, an excellent climate, fertile soil and low labour costs have attracted foreign vintners such as Australia's Penfolds and HDR Wines of France. German and Dutch firms have also concluded joint-venture agreements with wine producers. 90-95% of still wines and 75% of sparkling wines are exported to 55 countries around the world, with 10 CIS countries accounting

for 85.3% of the total. In 2008 the value of exports was estimated at \$193.2 million. Moldovan viticulture extends to more than 151,000 fertile hectares with most vineyards (96.5%) being privately owned. A total of 174 enterprises, most of them limited partnerships, process grapes, with wineries processing about one million tons each season, and producing up to 13.8 million hl of wine. Today, there are 75 wine bottling lines at 63 enterprises. Annually, Moldova produces about 200-300 million bottles of wine, 20 million bottles of sparkling wines and 40 thousand hl of brandy.

Among the most famous wineries in Moldova are Cricova, Ialoveni, Romanesti, Milestii Mici, Nisporeni, Ciurari, Purcari, Cimislia, Comrat, Trifesti, Dubasari, Taraclia, Hincesti and Cazaia. A wide range of wines is produced, including Chardonnay, Pinot Noir and Cabernet Sauvignon. Moldova has three large underground facilities for storing and maturing high-quality wines at Cricova, Milestii-Mici and Branesti. Together these have a total storage capacity of over 1 million hl. At Cricova and Milestii Mici, visitors can walk along real streets in an underground town, located at a depth of between 30 and 150 meters. The total length of the cavern streets is 100 kilometers (Cricova) and 50km (Milestii Mici).

Moldovan viticulture is characterised by a large variety of grapes, 90% of which are from Europe. The most popular white varieties are Aligote, Muscat (blanc, Ottonel), Pinot (blanc, gris), Chardonnay, Sauvignon, Feteasca (Leanca), Traminer (blanc, rose), Riesling, and Silvaner. Red varieties include Cabernet-Sauvignon, Merlot, Pinot-Noir and Malbec. There are four viticulture regions: Southern, South-Eastern, Central and North-

World Market for Moldovan Bottled Wine in 2008



ern. The Southern region is considered the most important, and is renowned for its red, sweet and semi-sweet wines. Micro-regions such as Taraclia, Ciurimari, Comrat, Ceadir-Lunga, Baurci, Cazaiac, Tomai, and Cimislia are also located in the southern region.

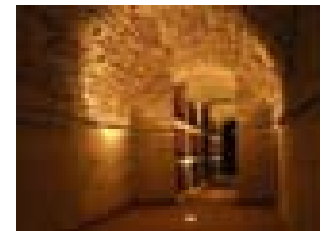
Wine production is classified according to the International Organization of Vine and Wine, of which Moldova is a member, and the industry has a large variety of natural wines (table wines), dry, sweet, semi-dry, semi-sweet, special wines (14% to 20% alcohol), sparkling wines, divins, and brandy.

A new Grape and Wine law passed in 2006 introduced stringent quality standards and food safety measures into the industry. This has resulted in all technical documentation relating to wine production being revised in accordance with the European Union standards.

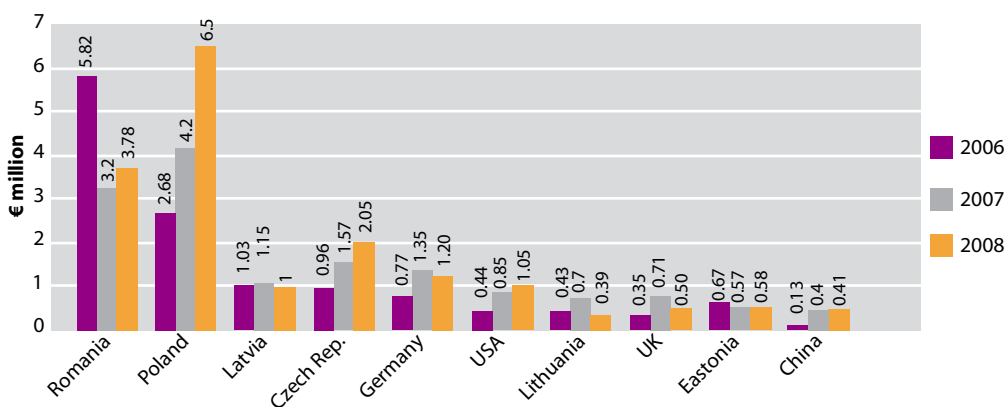
The high quality of Moldova's sparkling wines is much appreciated all over the world, especially in the CIS. Among the most famous sparkling wines are those produced in Cricova. Cricova provides an ideal environment for maturing all kinds

Moldova ranks 10th in the world among producers and exporters of alcoholic beverages (1.4 percent of world output in 2005)

Source: COMTRADE



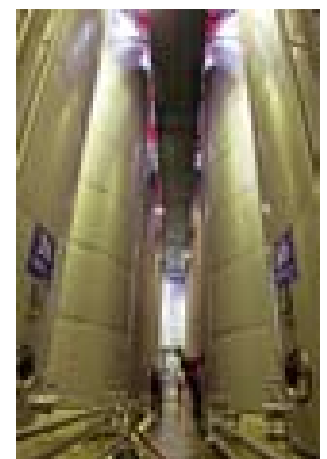
Bottled wine exports to main markets, 2006 – 2008 (€ million)



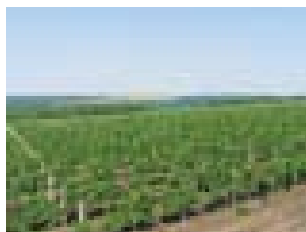
of sparkling wines - white, rose and red. Moldova was a pioneer in the production of red sparkling wine, which has a flavor of muscatel and rose petals and rivals such brands as Citrone in the world market. Currently Moldova produces classic sparkling wines in many of its wineries. Producers include Cricova, Vismos, the National Vine

and Wine Institute, Milestii-Mici, Nisporeni and Stauceni.

Moldova is proud of the divins - wine-based spirit drinks - produced in Chisinau, Balti, Tiraspol, Calarasi and Bardar, and sold all over the world. These include divins for everyday consumption (3-5 years old),



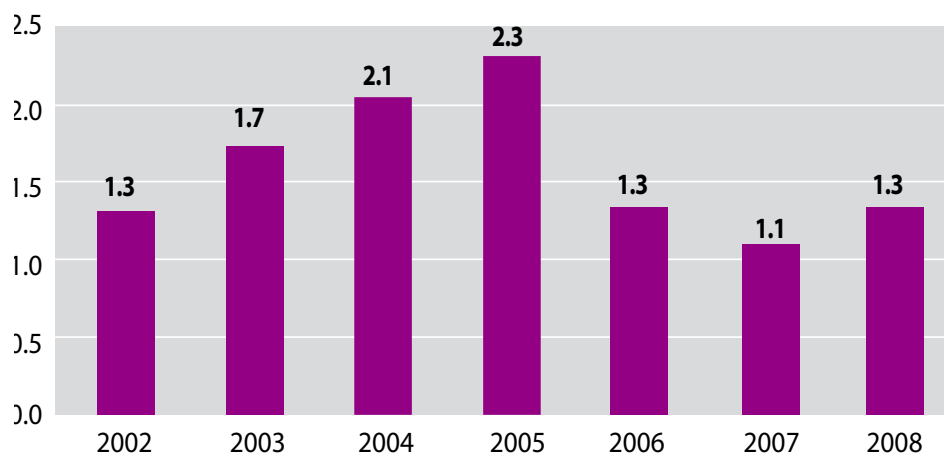
Moldova has registered 11 wines by their region of origin with the European Union: Purcari, Romanesti, Stauceni, Siscani, Cahul, Rezeni, Taraclia, Ungheni, Codru, Vulcanesti, Comrat.



Moldova has a National Wine Holiday, which is celebrated on the second Sunday in October. It continues an old tradition: as soon as the new wine has settled, the winegrower invites friends and neighbors to partake of the newest vintage.



Export of Wines in 2002-2008 (million hl)



superior quality divins (over 5 years old) and collection divins. In the latter category, divins such as Belii Aist - Barza Alba, Aroma, Cezar, and Orfeu are highly appreciated by connoisseurs. Additionally, the following divins have a special reputation: Nistru, Doina, Bucuria, Sarbatoare, Chisinau (10 years old), Codru, Noroc, Dacia, Stefan Voda (20 years old), and most of all, those matured for over 40 years such as Victoria, President and Ambassador. In 2007, 70,3 hl of divin was produced of which 51,5 hl (73 %) were exported.

Moldovan vermouths are highly appreciated by both experts and consumers. Vermouths that enjoy a good reputation include Buchetul Moldovei (Moldova's Bouquet), Roua Diminetii (Morning dew), Romanita (Camo-mile) and Toamna (Autumn), produced at Dubasari in the valley of the Dniester river and successfully exported to Russia, the Baltic States, Ukraine, Kazakhstan, Belarus, Poland and Germany.

Moldova also produces Balsamic wines. Stejar (Oak tree), Legenda Haiducului (Outlaw's legend), Bucuria (Happiness), and Amar-Amar (Bitter-Bitter) have a high consistency and the colors and flavors of black berries, plums or blossoms with a sharp, pungent flavor, moderately bitter, and with a nuance of beech.

Moldovan "Heres" (Sherry-style wines) - translucent wines the color of parchment with a nuance of nut and almond and a piquant, slightly salty taste - delight connoisseurs. Ialoveni prides itself on being the largest Heres producer in Eastern Europe with a capacity of 100,000 hl.

In 2008, Moldovan wineries took part in such exhibitions as the Riga Food Fair, Dusseldorf ProWein, Kazakhstan Food Week, Izmir International Fair, London Wine and Spirits Fair, Belgium - Concours Mondial de Bruxelles, Hong-Kong Vinexpo Asia Pacific, Hang Zhou World Leisure Expo, Kunming Import and Export Commodities Fair, as well as others in Belarus, Ukraine, Russia, and Romania.

Company Profiles



Acorex Wine
Holding
www.acorex.net

Acorex has become a recognised leader over the past 12 years in hand-crafted, premium wines as well as quality commercial wines. Their vineyards are located in Cahul in the south that includes the micro zones of Corten, Tvardita and Valea Perjei. The grape varieties include Cabernet Sauvignon, Sauvignon Blanc, Traminer, Pinot Blanc, Chardonnay, Pinot Gris, Pinot Noir and Bastardo. Their premium wines are aged in French and American oak and are further aged in the bottle prior to release. Their facility is equipped with the latest technology and has a production capacity of 30 million bottles a year. Their highly skilled winemakers monitor all aspects of harvesting and winemaking with experts from Italy, New Zealand and France. Umberto Menini, their Italian oenologist, ensures the international style of their wines, producing clean, crisp, aromatic whites and rich, robust reds. Their winemakers have received additional training at leading French, Italian, US and Spanish wineries. The Acorex vineyards have received SGS Organic Certification. They are also ISO 22000-2005 Food Safety Management System certified. They currently export their wine to Ukraine, Belarus, Kazakhstan, Kyrgyzstan, Lithuania, Estonia, Latvia, Poland, Czech Republic, Slovakia, Croatia, Great Britain, Belgium, Netherlands, Denmark, Germany, Switzerland, Greece, Canada, USA, China and Japan. Each year they enter their wines in top international wine competitions including the International Wine and Spirits competition, International Wine Challenge, Mondial de Bruxelles, Mundus Vini, Chardonnay du Monde, Challenge International du Vin and Vinalies Internationales. To date they have won more than 200 medals at national and international contests.



Chateau Vartely
www.vartely.md

Chateau Vartely is a medium-sized winery in the ancient town of Orhei in the central region. It was built in 1996 and purchased in 2003 by the current owners. It specialises in premium wines. Its vineyards cover more than 200 hectares in the southern and central regions. The company produces around 700,000 bottles of wine annually (65% red and 35% white) including Cabernet Sauvignon, Merlot, Pinot Noir, Chardonnay, Sauvignon Blanc, Traminer, Muscat Otonel, Pinot Gris and Riesling. It also produces indigenous Moldovan wines such as Feteasca. Low fermentation temperatures are used and the wines are aged in oak barrels. Each year Chateau Vartely expands its range by introducing new products such as Riesling ice wine and Pinot Noir rose. The wine-maker, Arcadie Foshnea, received his diploma from the State Technical School of Viticulture in Weinsberg, Germany. His experience with the best international winemaking techniques helped the company win prestigious trophies at international wine contests including Decanter World Wine Award 2006 and 2007, Mundus Vini, Great International Wine Awards 2006, International Wine & Spirit Competition 2007, Prodexpo (Moscow 2006), Wine Trade Show (Bucharest) and ALCO SOFT (Kiev 2006). The product quality level is confirmed by ISO 9001:2000 and HACCP certificates. Chateau Vartely currently sells its wines domestically, and in Romania, China, Germany, Ukraine, Czech Republic, Slovakia, Belgium, and USA.

Some Major Wine Companies in Moldova

Acorex Wine Holding
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Tel.: + 373 22 226635,
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www.acorex.net

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22 885080, Fax. + 373 22 885060
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export@vartely.md
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Dionysos-Mereni
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838485,
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www.dm.md

DK - Intertrade
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Milestii-Mici

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E-mail: milestiimici@dnt.md
www.milestii-mici.md

Vinaria Bostavan

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74 32 69, 74 76 80
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www.bostavan.md

Vinaria Purcari

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74 32 69, 74 76 80
E-mail: purcari@purcari.md
www.purcari.md



The Cricova Winery, which is famous for its unique underground labyrinths and excellent wines, was created in 1952 when the mine in Cricova was changed into a winery, the limestone tunnels proving ideal for winemaking and storage. Cricova is a unique enterprise with unprecedented possibilities, being one of only three underground wine cellars in the world that are protected by UNESCO. It is also the only producer of sparkling wine made by the classical bottle-fermented method. Prior to the First World War Moldova was the most powerful winemaker in the Russian Empire. It is well-known that every second bottle of wine purchased in the former USSR was made in Moldova or by Moldovan recipes and traditions. And about one century ago sparkling wine from Moldova was exported to many countries, including France. The wine specialists of Cricova keep in mind the history and traditions of Moldavian winemaking, and create only those kinds of wine that are worthy of the wine-lover's attention. Today the company has all the equipment necessary for stable wine production that conforms to national and international standards. Winery personnel have been specially trained for the production of wines and bottle-fermented sparkling wine (methode traditionnelle). Despite limited financing the company has reached a high technological level, which compares favorably with the level of western wineries.



DK-Intertrade was established in 1995 in Vulcanesti in the southern region. The company consists of Aurvin, their winery, and the Dionis Club distributing company in Russia. They have 160 hectares of new vineyards of Cabernet Sauvignon, Merlot, Pinot Grigio and Chardonnay with 4,000-5,000 vines per hectare. Their stainless steel tanks have a capacity of 10 million liters. Their two Italian automatic cold sterile bottling facilities (Bertolazo) can each produce 6,000 bottles an hour for a total capacity of 18 million bottles annually. Their wines are aged in oak barrels and are marketed under the trade names Dionis Club, Aurvin and Firebird Legend. They export to 19 countries including Great Britain, USA, Israel, Germany, Switzerland, Turkey, Vietnam, Cyprus, Luxemburg, Romania, Poland, Czech Republic, the CIS, and the Baltic countries. They started collaborating with the British consulting company Cellarworld International UK and winemakers Angela Muir MW of the UK and Rob Cameron of New Zealand in 2002. At present DKIntertrade supplies 1/3 of the import quota for Moldovan wines in Great Britain. Their wines are sold in Waitrose supermarkets and in 25 restaurants in London. DK-Intertrade has won over 65 awards at international wine competitions and professional exhibitions including the International Wine Challenge 2004-2006, Decanter World Wine Awards 2005-2007, Chardonnay du Monde 2005/2006, Challenge du Vin 2006, Mundus Vini 2005/2007, VinItaly 2006 and Concours Mondial du Bruxelles 2006. Two of their wines are in Mille Vins du Monde Nouvelle Selection 2007.



Dionysos-Mereni
www.dionysos-mereni.com

The **Dionysos-Mereni** Winery is located in the central part of Moldova in the village of Merenii-Noi about 20 kilometers from the capital city of Chisinau. The winery was built in 1959 and acquired by the current owner in 1998. Recently, Constantin Stratan, their winemaker, started a premium wine project that resulted in the Carlevana collection. Carlevana is an ancient tradition that celebrates the end of the harvest in Moldova. The collection includes world class varietal wines such as Chardonnay, Sauvignon Blanc, Pinot Noir, Pinot Gris, Merlot and Cabernet Sauvignon, as well as the indigenous wines Feteasca and Rara Neagra. In addition, they are exclusive producers of Merlotage and Malbec. The company's production capacity is 4 million bottles annually. Dionysos-Mereni was the first winery in Moldova to receive ISO 9001:2000 certification. In 2006 it was International Food Standard certified. They export to 22 countries including USA, Canada, Australia, Germany, Ireland, Belgium, Denmark, Switzerland, Poland, Czech Republic, Japan, Ukraine, Estonia, Lithuania and Latvia. They received the Grand Prix for outstanding achievements in winemaking from the President of Moldova in 2005. They have been awarded more than 80 medals at international contests including Chardonnay du Monde, Intervin, International Wine Challenge, International Wine and Spirits Competition, Vinalies Internationales, Challenge International du Vin and Concours Mondial de Bruxelles. Their wines have also been listed in Mille Vins du Monde.



LionGri
www.lion-gri.com

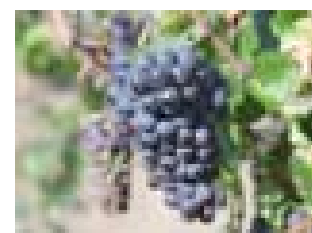
LionGri began producing a wide range of premium still and sparkling wines, brandy and divins in 1997. They have 1000 hectares of top vines in the best grape growing regions of Moldova: Vulcanesti and Cahul in the south, Cania in the southwest, Purcari in the southeast and Sarateni in the center. They grow Cabernet Sauvignon, Merlot, Pinot Noir, Chardonnay, Sauvignon Blanc, Saperavi, Malbec, Syrah, Game Freo, Pinot Gris, Muscat Ottonel, Uni Blanc, and the indigenous Feteasca. They have a working capacity of 16 million bottles a year. They employ Chilean, Italian and French winemaking consultants during the harvesting season. Lion Gri is ISO 9001:2000 certified and is currently undergoing International Food Standard certification. LionGri's most important markets are Russia, Ukraine, Belarus, Poland, Germany and USA. LionGri wines are included in the French catalogues Mille vins du Monde 2005 and Mille vins du Monde 2006. Their still and sparkling wines have won medals at Muscats du Monde, INPEX, Les Citadelles du Vin, Vinalies Internationales, International Wine and Spirits Competition and the International Wine Challenge. A special pride of the company are its underground cellars with huge storage capacities near Chisinau, for maturation and production of sparkling wines, aged and collection still wines. The cellars are situated at a depth of 30 metres underground with an area of 30,000 sq.m. (out of available 100,000 sq.m. still in process).

The Moldovan Wine Guild

The Moldova Wine Guild was formed early in 2007 following the country's participation in the London Wine and Spirits Fair and ProWein Dusseldorf. Members of the Moldova Wine Guild include such well-known producers as **Vinaria Purcari, Dionysos Mereni, Acorex Wine Holding, Chateau Vartely, Dionis Club, Lion Gri, and Vinaria Bostavan.** All are leaders in supplying Moldovan wine to the European market, and their wines have been repeatedly recognised with prizes in prestigious international contests. As a marketing association for several wine enterprises, the goal of the Guild is to unite Moldovan wine producers' efforts to promote their wines in European and world markets by emphasizing the quality and tradition of Moldovan wines.

The Moldova Wine Guild may be contacted at:

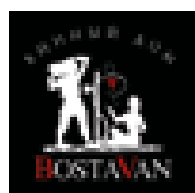
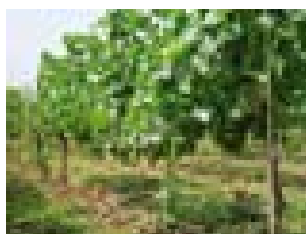
The Moldovan Wine Guild
45, Banulescu Bodoni St., off. 113
Chisinau, Moldova MD-2001
Tel: (+373 22) 24 37 82
Fax: (+373 22) 23 44 38
e-mail: wineguild@moldova.md





Milestii-Mici
www.milestii-mici.md

Milestii Mici Winery was established in 1969 as a facility for storage and seasoning of high quality wines. The winery is surrounded by picturesque landscapes and boasts an underground wine city. The wine cellars, which were created in the galleries of a disused limestone quarry 40-85 metres deep rate as the largest in the world. Travel by car is possible along the natural underground galleries for a total length of 200 km, including more than 50 km specially developed for the storage of high quality wines. The constant temperatures (+12 - +14° C) and relative humidity levels (85-95%) registered in this kingdom of wine ensure optimum conditions for storage of Moldova's strategic wine stocks. Stocks of the select raw wines collected in the best vintage years throughout Moldova are brought here and placed in storage for maturing. The winery's experts select the best raw wines at the primary grape processing and wine making facilities; raw wines are purchased and placed in storage after a series of very thorough tests. The winemakers take into account the wine's nature and characteristics in each barrel to ensure the most effective wine maturity regimes, preserving the unique trace elements present in fresh grapes and bringing them unchanged to the final consumer. Currently the cellars of Milestii Mici are the largest in the world with a capacity of more than 0.65 hl of wine stored in oak barrels and in special enameled metal tanks. The winery specialises in the production of collection wines, mature wines, ordinary table wines and sparkling wines, whereby even ordinary table wines mature in oak barrels for at least 3 months owing to the unique storage conditions. The wines produced at Milestii Mici impress connoisseurs with their excellence and well-balanced taste. It would not be an overstatement to say that Milestii Mici Integrated Winery and Quality Wine Production is the only Moldovan winery able to produce wines at such high quality levels.



Vinaria Bostavan
www.bostavan.md

Vinaria BostaVan was rebuilt in 2002 with two production facilities: Etulia in the southern region for full-bodied reds, and Onesti in the center for delicate whites. They use the latest winemaking technology and equipment installed by European engineers and can produce 12,000 bottles an hour. They grow 80% of the grapes they need and purchase the rest from farms where ripening is supervised by their specialists. They grow Pinot Noir, Merlot and Cabernet Sauvignon on 700 hectares in the south and Chardonnay and Sauvignon Blanc on 500 hectares in the center. Harvesting, transportation and processing are closely monitored by highly professional wine-makers led by their chief oenologist V.M. Spetetchi who has 35 years of experience. All production facilities are ISO 9001-2000 certified. BostaVan wine is exported to more than 20 countries including Romania, Latvia, Germany, Japan, Turkey, Vietnam, USA, Poland, Czech Republic, Switzerland and Israel. They have competed in Expovin Moldova; Interdrink, the Wine and Spirits Competition and Prodexpo in Moscow and the Wine and Spirits Competition in London. To date, Vinaria BostaVan has won 71 prizes at international contests.





Vinaria Purcari
www.purcari.md

The **Purcari** Winery was founded in 1827 in the southeastern region where the warm, humid Black Sea winds and sandy soil nurture remarkable grapes on 200 hectares of vineyards. The whites are Chardonnay and Sauvignon Blanc, and the reds are Cabernet Sauvignon, Merlot, Pinot Noir, Saperavi and Rara Neagra. Purcari wine won its first gold medal at the Basarabian Agricultural Exhibition in 1847. They won gold again in 1878 at the World Exhibition in Paris with blended red, Negru de Purcari, which became a favourite at the courts of Emperor Nikolay II, King George IV and Queen Victoria. They produce only one million bottles of wine per year in order to focus on further improving quality. The Purcari wine cellars maintain constant temperatures of 12-14°C and humidity of 85-95% and hold the most valuable collection of Purcari wines, some of which date back to 1948. The company exports to Russia, Ukraine, Romania, Germany, Belarus, Japan, Turkey, Poland, Latvia and Israel. Since 2003, they have competed in ExpoVin Moldova, ProWein in Dusseldorf and Prodexpo in Moscow, and their wines have won 27 medals.

How MIEPO can assist Investors and Exporters

MIEPO's investment promotion services include:

- Conducting general sector analyses, including macro-economic and other data such as operational costs and labour availability.
- Organising essential contacts during the pre-investment stage including facilitating negotiations at central and local authority levels.
- Identifying optimal locations for setting up operations and organising site visits.
- Identifying legal, accounting, architectural and engineering and other assistance needed for launching an enterprise.
- Investor aftercare: policy advocacy, troubleshooting, advice, contacts.

MIEPO's export marketing support services include:

- Facilitating buyer introductions by organising tailored itineraries focused on leading Moldovan companies, and support and public sector organisations.
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- Organising business and trade missions to established and prospective markets.
- Participating in leading international sectoral trade exhibitions.
- Providing support services to first time exporters including export training, market intelligence, and market planning.

Moldova-Vin

The agro-industrial agency Moldova-Vin is a specialized public administration authority, which has the goal of promoting Moldovan policy in winery and vineyard activities, producing and circulation of ethyl alcohol, alcoholic and non-alcohol production and beer production.

The main competencies of Moldova-Vin are as follows:

- Elaboration and realization of development programs in the winery sector
- Creation and implementation of attraction mechanisms through internal and external financial means in order to solve the sector's major problems.
- Elaboration and approval of technical documents regarding wine making, grape growing and alcohol production
- Administration of trade marks from the wine sector
- Representing Moldova in the Organisation Internationale de la Vigne et du Vin (OIV)
- Ensuring the quality of alcohol and beer products

Moldova-Vin may be contacted at:

Moldova-Vin

162, Stefan cel Mare blvd
Chisinau, Moldova, MD-2004
Tel./Fax: (+373 22) 21-00-73
e-mail: aamv@aamv.gov.md
www.aamv.gov.md

MIEPO's primary objectives are to enhance the social and economic development of Moldova through investment and export promotion activities.

Moldovan Investment and Export Promotion Organisation

65, Alexei Mateevici St.
MD-2009, Chisinau, Moldova
Phone: (+373 22) 273-654
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Investment & Export Promotion Agriculture & Food Processing



Moldova has exceptional resources that are highly favourable to agricultural production. Its black, fertile soil is ideal for growing corn, fruit and vegetables. Because of its geographic location the country enjoys a moderate continental climate - short and relatively warm winters and long hot summers - so that early crops can be grown, giving producers a strong competitive advantage. Additionally, Moldova's farmers have long experience and broad knowledge in a wide variety of agricultural activities. These factors, combined with an affordable labour force, make possible the production of high-yield, labour-intensive crops that are competitive in export markets. The sector also benefits from Moldova's scientific research institutes whose knowledge and expertise strongly support agricultural development. And to further enable

agriculture to develop to its full potential, Government policies in recent years have strongly supported private land ownership. Agro-industrial activity currently accounts for about 30% of GDP. Food processing is a major industry accounting for 43.5% of industrial output and more than two thirds of exports, and - importantly - is based on local raw materials. Moldova has 27 canneries, 9 sugar mills, 9 large meat-processing plants and many small and medium scale processing plants. After privatisation in the late 90's, many enterprises modernised their equipment, organisation, management, raw material supply and trade channels. Many of them now have significant development potential.

Investment Potential

There are investment opportunities in primary production, food processing, input supply and agricultural financing. Opportunities in primary production include: orchards, vineyards, vegetable growing in open fields and greenhouses, livestock, industrial crop production, etc. Processing is one of the most important and attractive investment categories. Equipment and technology are required for storage, packaging and long distance transportation of fresh products; drying; instant freezing; canning; and the production of ingredients and additives.

Other related activities of interest include input supplies. Irrigation, packaging and processing equipment and agricultural machinery offer opportunities, as do the production and trade of planting materials and agribusiness leasing. Organic farming should also be considered. The rich soils, and skilled, relatively cheap and available labour present opportunities to take advantage of the increase in demand for organic farming products in western markets, and this provides a huge opportunity for investment in this area.

FDI Opportunities in Moldova's Agro-Food Sector

Product/Subsector	FDI Opportunity
Walnuts	<ul style="list-style-type: none"> ■ Largest exporter of walnut kernels to Europe ■ Stable export growth over the last five years ■ Increasing country-wide commercial-size orchard area ■ Governmental program subsidies to develop new orchards ■ Underdeveloped exporting infrastructure ■ Liberal legislation for importing and processing raw material
Fruit & Vegetables (F&V)	<ul style="list-style-type: none"> ■ Proximity to European and CIS markets ■ Established CIS image of a quality F&V grower ■ Autonomous Trade Preferences (ATP) in accessing EU ■ Rich tradition of growing fruit and vegetables ■ Quality changes happening at the growers' levels ■ Dynamically developing infrastructure for processing F&V, but still far from providing any serious competition at the local level ■ Governmental program subsidies to develop new orchards
<ul style="list-style-type: none"> a. Fresh b. Canned c. Dried d. Frozen 	
Biofuel & Ethanol Production	<ul style="list-style-type: none"> ■ Excellent domestic and regional opportunities ■ No local competition ■ Significant raw material base: wheat, corn, sugar beet pulp, and other agricultural product leftovers
Medicinal & Aromatic Plants (MAP)	<ul style="list-style-type: none"> ■ Established traditions of MAP growing and processing ■ Qualified workforce to handle MAP operations ■ Excellent export opportunities to EU and CIS markets
Honey	<ul style="list-style-type: none"> ■ Excellent EU export opportunities, enjoys 0% import tax rate according to ATP ■ Significant beekeeping tradition ■ Lack of any serious export competition ■ Established associations at the regional and national levels
Confectionary	<ul style="list-style-type: none"> ■ Excellent raw material base ■ Good export opportunities ■ Competitive domestic base for launching production
Dairy	<ul style="list-style-type: none"> ■ Excellent domestic and export opportunities ■ Developing raw material base ■ Rich processing tradition
Livestock Production and Processing	<ul style="list-style-type: none"> ■ Excellent domestic and export opportunities ■ Rich production and processing tradition ■ Liberal legislation on importing raw material for processing
Sugar Processing	<ul style="list-style-type: none"> ■ Rich sugar-beet growing and processing traditions ■ Increasing sugar beet growing area ■ Established image as a high quality processor ■ Excellent export opportunities
Tobacco	<ul style="list-style-type: none"> ■ Rich tobacco growing and processing traditions ■ Tobacco is a high-value crop ■ Low local competition ■ Established marketing channels
Input Supply & Agricultural Machinery	<ul style="list-style-type: none"> ■ Stable increasing growth in this market segment over the last five years ■ Increasing interest on farmers' behalf to invest in new technology and equipment

Moldova's agricultural land distribution in 2008 was as follows:

	thousands of hectares
Total agricultural land	2,506.2
arable land	1,821.7
perennial plantations	302.8
of which:	
orchards	132.7
vineyards	157.5
Grains & Legumes	1005.8
Industrial Crops	342.1
of which:	
sugar beet	24.7
sunflower	228.0
soybean	30.5
tobacco	2.7
Vegetables	81.2
of which:	
potatoes	31.2
field vegetables	39.8
Forage crops	71.1

Production of Main Crops, 2008

	thousands of tons
Grains & Legumes	3169.5
Sugar beet	960.7
Sunflower	372.0
Soybean	58.2
Tobacco	3.9
Potatoes	271.0
Vegetables	368.7
Melons & gourds	70.0
Fruit & berries	370.5
Grapes	636.0

Source: National Bureau of Statistics





Product/Subsector	FDI Opportunity
Agricultural Leasing	<ul style="list-style-type: none"> ■ Underdeveloped market that offers excellent opportunities ■ Increasing share of the commercial-size farms ■ Tax incentives if company invests annual profits into machinery and fixed assets.

The Republic of Moldova benefits from the Autonomous Trade Preferences (ATP), granted by the Member States of the European Union.

According to the Regulation of the European Commission on Granting Autonomous Trade Preferences to the Republic of Moldova (2005/924/CE) it is stipulated free access on the EU market without customs duties and tariff quotas applied to all goods originating from the Republic of Moldova, except some agricultural products for which limited concessions in the form of tariff quotas or reduction of customs taxes. The quotas at the export of agro-food from the Republic of Moldova to EU Members are for the following products: cereals (wheat, barley, corn), sugar, wine of fresh grapes, with maximum alcohol level of 15% of the volume, other than sparkling wine, some products of animal origin such as frozen and fresh bovine, pore, sheep meat, meat and comestible offal, fresh or frozen; milk products, eggs, etc. The ad valorem duty is not imposed on the following products from tariff line (07): fresh and frozen tomatoes, fresh and/or frozen cucumbers and cabbage, as well as some fruits from tariff line (08), fresh and dried grapes, fresh apples, pears and quince, apricots, cherries, peaches, including nectarines, plums and raisins.

FDI in Agriculture and Food Processing

Name	Sub-Sector	FDI origin	Comment
Verde Mondial	Vegetable and flower greenhouse	Turkey	First modern commercial size greenhouse investment since Soviet Union's collapse
Sauron	Grapes and fruit nursery	USA	Table grapes and stone fruit seedlings. First one to introduce seedless table grapes to the local market
Interconsult-MD	Strawberry production	The Netherlands	Commercial scale strawberry growing operation using various off-season production technologies
Reforma Fruit'n'Nuts	Dried fruit and vegetables	Germany	Largest exporter of dried fruit and vegetables
Natur Bravo	Fruit and vegetable processing	USA	Canning and juice making business operating three processing facilities
Cardico	Walnuts	Greece	Part of a larger European processing chain
Pinto-Mold	Walnuts	Austria	Processor and exporter
Bienenhaus	Honey	Germany	Modern honey processing and export facility
Lactalis-Alba	Dairy	France	Part of a larger dairy chain in Europe and CIS

Name	Sub-Sector	FDI origin	Comment
Sudzucker Moldova	Sugar processing	Germany	Largest sugar maker in the nation with 3 different processing facilities around the country
Marr Sugar	Sugar processing	Russia	Second largest sugar beet processor
Kelly Grains Elevator	Grain growing and processing	USA	Grain storage and export
Floarea Soarelui	Oil press	USA	Largest producer of sunflower oil in the country holding a significant share of the local market and considerable export operations.
Agrimatco	Input supply	Middle East	Member of an international input supply business

Food Processing Industry,
Selected Activities, 2008

USD million	
Total Industrial Output	2,854
Food Processing	991,1
Meat	9.54%
F&V	9.31%
Dairy	11.33%
Flour & starches	8.58%
Sugar	8.64%
Confectionary	4.5%
Distilled alcohol	4.76%
Wine	21.01%
Mineral water & drinks	2.79%
Tobacco products	3.2%
Others	16.34%

Source: National Bureau of Statistics

Processing of Fruits and Vegetables

The fruit and vegetable export market includes both the processed and fresh fruits and vegetables. In terms of volume, the most significant export products remain canned vegetable and fruit products. Processing of fruits and vegetables is the second major sector of the food industry after wines, with a total production that accounts for 10% of total volume of production. More than 90% of production is destined for export. The fruit and vegetable-processing sector comprises 6 large operators and about 25 small and medium-sized enterprises that employ 19,000 people.

The main fruit and vegetable crops processed in Moldova are field tomatoes and apples. Together these comprise more than 70% of all processed output. Various plants convert tomatoes, mostly into paste (at a 4/1 or 5/1 concentration), and apples into 6/1 concentration. In addition to these bulk products, other tomato products include tomato ketchup and canned whole tomatoes. Other apple products include apple pulp for jam, apple sauce and a product similar to apple butter. Other processed fruit and vegetables consist of canned goods, purees for baby food, jams and preserves, and specialty products.

Imports and Exports of Fruits & Vegetables 2006-2008, million USD

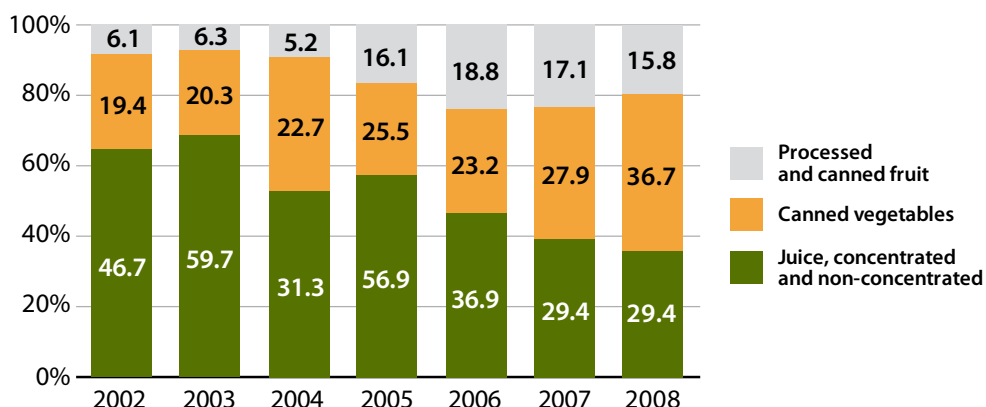
Category	2006		2007		2008	
	Export	Import	Export	Import	Export	Import
Vegetables, edible (HS2002 - 07)	5.69	10.38	2.65	19.08	3.98	27.33
Fruit, edible (HS2002 - 0803-0814)	64.58	20.48	92.85	28.65	43.9	23,73
Processed Fruit and Vegetables (HS2002 - 20)	42.73	14.47	79.48	20.85	51.40	30.13

Source: UN Comtrade Database

As of January 1, 2008 all Moldovan food processors have to implement food safety systems based on HACCP principles according to National Law no. 78-XV on food products.



Main Categories of Processed Fruit and Vegetable Products, 2001 - 2007 (thousand tons)

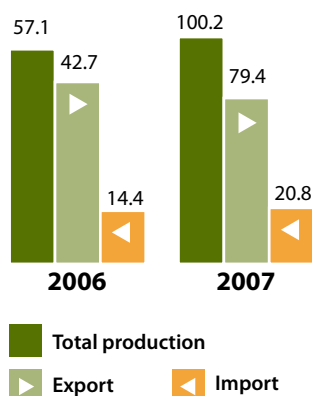


Source: National Bureau of Statistics

Almost all fruit and vegetable crops are hand harvested. This results in processed products with better flavour, texture and appearance than those of crops grown for mechanical harvesting. According to 2005-2008 data the CIS remains the

biggest market for exported fruit and vegetable products, accounting for 70% in total. EU-27 and other European countries account for the other 30%, mostly in the form of semi-finished products.

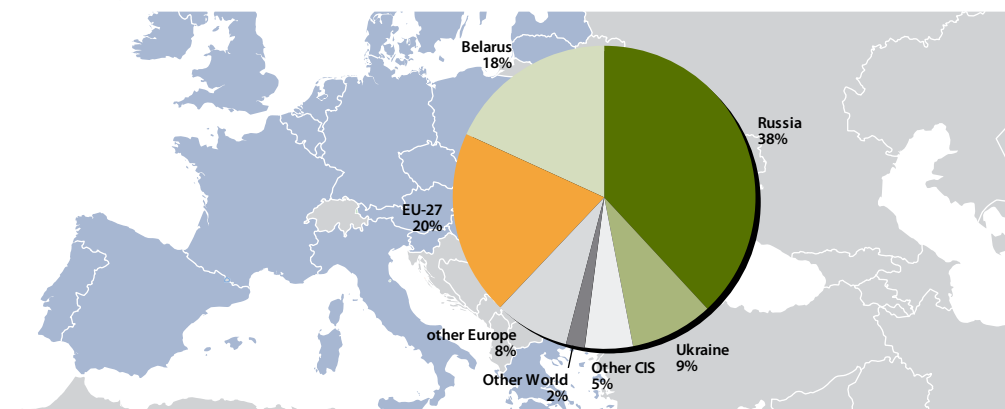
Processed Fruit and Vegetables (HS2002-20), USD million



Sources: National Bureau of Statistics and UN Comtrade Database

More than 90% of processed fruit and vegetables are destined for export. European countries account for 31,4% of total export and CIS countries being the destination for 55% of Moldova's fruit and vegetable products.

Exports by Country, 2008 (%)



Source: UN Comtrade Database

The processing industry is rapidly becoming more competitive by introducing new technology to optimise product quality and production efficiency. The largest processors are: **Orhei Vit JSC, Alfa Nistru JSC, Natur-Bravo JSC, Basarabia Ltd, Cosnita and Fortuna Plus** canneries. The product line is diverse. Besides apples and tomatoes, it includes natural juices (clarified and with pulp), nectars, fruit butters, jam and preserves. These are made from cherries, apricots, peaches, plums, pears and various berries. Processed vegetables include peas, green beans, carrots, beets, sweet peppers, onion, cucumbers, and squash — as either finished or semi-finished products. Today, most juice making and canning facilities

are equipped with the most modern and highly productive equipment. This includes “**Bucher**”, “**Flottweg**”, “**Unipectin**”, “**Tetra-Pak**”, “**Fbr-Elpo**”, “**Fbl**”, “**Andritz**”, “**Schenk**”, “**Vattenteknik**”. “**Alimenta**” lines which are used for the production and packing of dense products into European-style containers. “**Fbr-Elpo**” lines are used for aseptic packing of paste-form products into bags according to “**Bag-in-Box**” technology.

Drying and freezing are capturing more of the market. About 10 medium and large-scale fruit dryers and 3 flash freezing facilities have emerged during the last few years. Taking into account the favorable market conditions, the number of these operations is predicted to grow.

Organic Foods

Currently, sales of organic processed foods are growing in Western Europe and now total €23.8 billion. Turning production over to organic products might revitalize the Moldovan food processing sector. Organic agriculture demands considerable manual work and non-use of chemicals. The governmental institutions are fully aware of the enormous export potential of organic agricultural and food products. The Moldovan authorities and SGS Societe Generale de Surveillance S.A. (with headquarters in Geneva, Switzerland) are developing a System for Certification of Organic Agricultural Food Products. The Government of Moldova, in collaboration with SGS, issued two presidential decrees, approving the national concept of organic agriculture. The Law on Organic Agriculture has been harmonized with EU laws. As a result, SGS Moldova in line with the SGS Organic Production Standard (OPS) have certified grapes and wine producers working 2,830 ha of industrial vineyards or 2.7% of the total plantation surface. Apples and beekeeping products are also produced in the country under organic farm management principles.

The Sugar Industry

The sugar industry in Moldova comprises two branches: sugar beet producers and nine sugar beet processing factories. The total processing capacity of the existing enterprises in this industry, considered for a period of 100-110 days is 2.9-3.1 million tons of sugar beet and 350,000-370,000 tons of sugar. The industry employs over 40,000 people. Presently, two major companies operate on the sugar market: "Marr Sugar Moldova" and "Sudzucker Moldova". In 2006, they processed 1.08 million tons of sugar beet, producing 148,400 tons of sugar. These indicators exceeded the 2005 levels by 8.9% for processed sugar beets and 11.2% for sugar production. Marr Sugar Moldova operates three sugar factories: Glodeni Zahar, Ghindesti Cristal, and Cupcini Cristal. In addition to sugar, the company produces lemon salt from molasses and has an annual production capacity up to 2,500 tons. It also has facilities for the production of 13 million litres of ethyl alcohol per year.

The Tobacco Industry

The cultivation of semi-oriental tobacco is well established in Moldova. This type of tobacco is a basic ingredient of American cigarettes. The change from seasonal fermentation to non-seasonal (industrial) fermentation in the 70's provided a significant increase in output of fermented tobacco. Moldova has become one of the leading Eastern European producers of raw tobacco and the largest supplier of tobacco in the former Soviet Union. There are 7 fermentation plants as well as the Chisinau tobacco factory (Tutun-CTC), which can produce 9.3 billion cigarettes a year.

Honey Production

Moldova's honey production varies from 2,000 to 2,500 tons annually. Moldova exports over 50% of its production levels reaching over 1,300 metric tons annually.

EU-27 and Russia constitute the major market destination for Moldovan honey and beekeeping products. Presently, there are over 3,000 beekeepers farming over 100,000 beehives in Moldova. The Government supported this sector by adopting a Law on Beekeeping and implementing a National Sector Development Program for 2006-2015. The Program calls for a national EU-certified laboratory and modern, market-oriented, food safety-compliant honey processing and storage facilities. The EU's GSP+ list includes honey; Moldovan honey exports can therefore enter the European market duty-free.

The Walnut Industry

Moldova is the 4th largest exporter of shelled walnuts in the world behind the USA, Mexico and China. There are plantations throughout the country in the form of field windbreaks, small household plantations and commercial orchards. The total area of walnut plantations is approximately 6,000 ha.

Average productivity varies from 2 to 3 tons per ha depending on the variety and climatic conditions. Thus, annual production levels vary from 15,000 to 18,000 tons.

Marr Sugar's Ghindesti Cristal sugar factory won two prestigious awards: "European Golden Arc" and "New Millennium International Prize for Technology and Quality" in 2003.

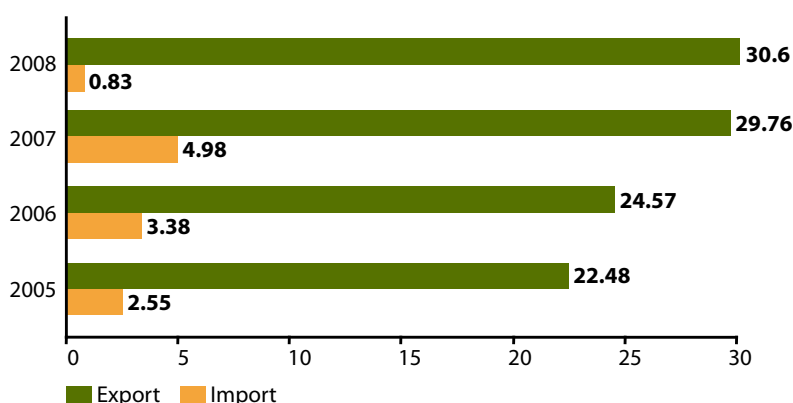




According to the International Trade Centre in Geneva, Moldova was the largest European exporter of shelled walnuts in 2006. The average growth rates for shelled walnut exports from 2001 to 2006 were 12% and 10% for value and volume respectively.

The Government passed the Walnut Law in 1999 and embarked on a National Development Programme for Walnuts in 2006 which envisages the expansion of commercial-size orchard areas by 1,000 ha annually to reach 10,000 ha of new orchard by 2015.

Exports and Imports of Walnuts, 2005-2008 (€ million)



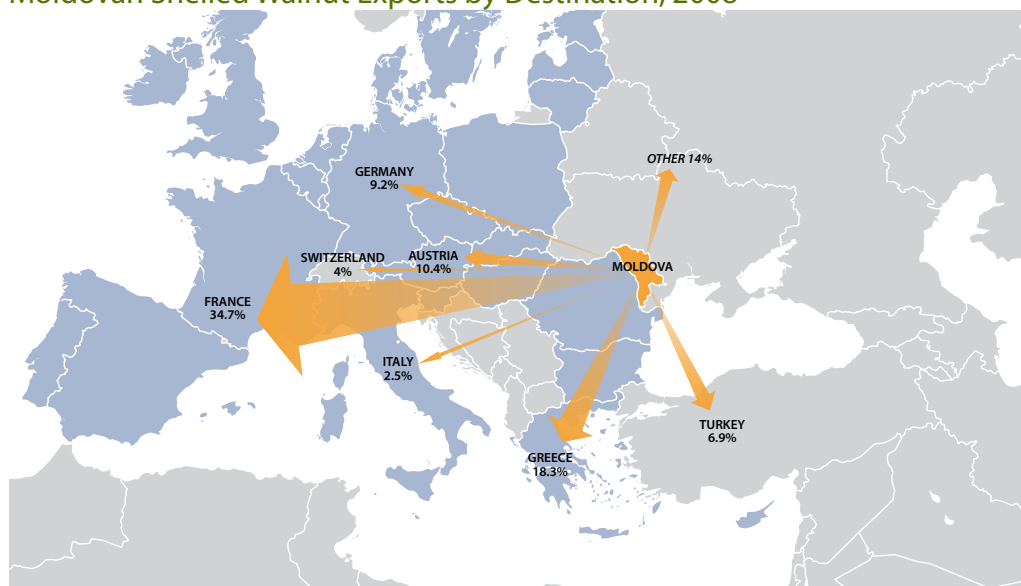
Source: UN Comtrade Database

According to the International Trade Centre in Geneva, Moldova is the largest European exporter of shelled walnuts with a volume of 9,163 tons and a value of €29.8 million. The average growth rate for shelled walnut exports from 2001 to 2006 was 12% (value) and 10% (volume). Low labour costs and high-quality walnut processing (cracking) are attractive for large consumers of walnuts. France, USA, Spain and Ukraine exported 5,673 tons of in-shell nuts to Moldova for further processing in 2006. Currently 85-90% of the highest quality product is the result of manual processing rather than mechanized processing. Twenty five different countries including EU, Egypt, the Middle East and other Asian countries buy walnuts from Moldova. The EU contin-

ues to be Moldova's major customer buying 86% of all walnuts.

Given the strategic importance of the sector for the Moldovan economy, the Government passed a Walnut Law in 1999 and embarked on a National Development Programme for Walnuts in 2006 which visualises development in the sub-sector up to 2015. The program calls for the sector to expand commercial-size orchard area by 1,000 ha annually and reach 10,000 ha of new orchard by 2015. Governmental subsidies are envisioned to promote the orchard development process by repaying 50% of the investment during the first five years of orchard establishment. These incentives apply to both local and foreign investment.

Moldovan Shelled Walnut Exports by Destination, 2008



Source: UN Comtrade Database

German Investment Reaps Benefits in Moldova



Sudzucker AG Management and Business Strategies Transform the Moldovan Sugar Industry

Südzucker AG is a German company of high renown in Western and Eastern Europe. With production of some 5 million tons, Südzucker Group is the market leader in the sugar sector. The Group's European factories are based in France, Belgium, Germany, Austria, Poland, the Czech Republic, Slovakia, Romania, Hungary and Moldova. It operates 43 sugar factories and 2 refineries.

In 2001, on the basis of the earlier purchase of three Moldovan sugar processing facilities in Drochia, Alexandreni and Falesti, Südzucker-Moldova JSC was established. Südzucker-Moldova JSC produced 83,000 tons of sugar last year, 56% of the production of the Moldovan sugar sector. In monetary terms, Südzucker's annual turnover in Moldova grew to € 37 million during the last year of operation.

When Südzucker AG came to Moldova, the sugar industry was in such a dismal state that many questioned whether Moldova even needed a sugar industry. Before investing, the company established that there was a need to introduce new management systems into the industry. It allocated the management of key processes to several professional managers who valued openness and transparency – values the company prizes highly. The company set constructive relations with the public, growers and government

authorities contributing to serious changes in legal frame conditions of the industry. Soon after Südzucker's arrival, thousands of people obtained stable employment.

Understanding Moldovan realities, Südzucker undertook managerial and organizational steps to make sure its investments reaped proper results within optimal time frames. In its effort to increase the quality of the raw material supplies, Südzucker completely changed the system. It established a raw material supply development division to help growers. The division organizes regular workshops and field-days where the company and its suppliers discuss methods of obtaining optimal yields. As a result of this approach, local growers have changed to new varieties of sugar beet and learned new pest management, maintenance and harvesting technologies.

Regardless of the fact that energy is slightly cheaper in Ukraine and Russia, Südzucker has managed to make the product competitive in these markets. In a little over five years, the company invested over €12 million in renovating production, marketing and institutional facilities. The investment targets the long-term goal of operating and expanding in Eastern European markets. Südzucker's experience in Moldova has proved invaluable in building the company's future in the region.

How MIEPO can assist Investors and Exporters

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- Participating in leading international sectoral trade exhibitions.
- Providing support services to first time exporters including export training, market intelligence, and market planning.

Useful links

Ministry of Economy & Trade
www.mec.gov.md

Ministry of Agriculture and Food Industry
www.maia.gov.md

Union of Agricultural Producers
www.uap.md

Moldovan Companies' Database
www.yellowpages.md

Moldovan Chamber of Commerce
www.chamber.md

Moldovan Foreign Investor Association
www.fia.md

American Chamber of Commerce
www.amcham.md

USAID's Agribusiness Development Project
www.cnfa.md

Export Information Website
<http://export.acsa.md>

MIEPO's primary objectives are to enhance the social and economic development of Moldova through investment and export promotion activities.

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www.miepo.md



Investment & Export Promotion Information & Communication Technology

- The Government's commitment to IT is expressed through the Ministry of Information Development's National Strategy on Building an Information Society in Moldova, and finances have been allocated for the associated Action Plan to make e-Moldova a reality. This will lead to the continuous development of incentives to IT companies.
- Most young IT specialists in Moldova are bilingual in Russian and Moldovan, and in addition, possess a least one European language.
- Salaries paid in the IT sector in Moldova are higher than in most local industries, but are still considerably lower than European pay for similar work.

Information and communications technologies (ICT) are gradually assuming an important role in the development of the Republic of Moldova's economy. Over the past few years, the promotion of ICT services, such as mobile communications, internet technologies and data transfer has increased. The number of economic entities dealing with ICT is growing. Moldovans have particular skills in software development, especially for security applications, telecommunications and microelectronics, and the educational system continues to emphasize technical education, with the result that Moldova has a continuously-growing supply of young, technically-competent workers.



Software products and services

Software development has the biggest exporting potential in the ICT sector. About 70% of total production of software companies is exported. Countries collaborating with Moldovan software developers include the USA, Russia, the UK, Germany, Romania, and Ukraine.

The main competencies in software development in Moldova include content management applications, billing and accounting applications, banking systems, encryption utilities, e-commerce applications and electronic post programs. Most of the software products used by Moldovan companies are in English.

ICT-related services such as training, consulting, systems integration, support services and information services are probably the most underdeveloped cluster as there are only a few training, consulting and information companies and these have limited capacity and skills. As Moldova's business environment matures, B2B services are expected to experience more demand, especially in ICT consulting and outsourcing.

System integration and support is better developed as it is based not only on distribution of hardware but also on hardware post-sale services and support. Both local and international companies offer system integration services of a high quality.

The outsourced call centre is a business model that has recently appeared in Moldova, which is highly favourable for such activity because of the high overall level of education and language skills in the country.

Telecommunications



Mobile telephony was introduced in Moldova in 1997. In 2004 the telecommunication market was completely liberalized and Internet Service Providers started to develop their IP infrastructures to offer fixed telephony. However, the market share of alternative operators in this service is only 0.05%. There is a large potential to invest as telecommunications is a capital-intensive sector and most local companies are not able to attract enough local resources. JSC Moldtelecom administers the fixed telephone network, data transmission and Internet and offers Internet access to other Internet Service Providers (ISP). In 2008, investment in the communication technology sector amounted to MDL 1,96 billion (€143.4 million), or 60.1% of the total investment in the ICT field. Companies operating fixed telephony over IP are Telemedia Group, Riscom, ARAX, and StarNet. Average revenue per user is growing by 3% annually.

There are three GSM mobile providers: the French Orange (France Telecom Mobiles International (www.orange.md) which started in October 1998 and holds a 68.2% market share; and Moldcell (www.moldcell.md), which is 99% owned by Fintur Holding B.V. (the Netherlands) and launched its service in April 2000. Orange was initially granted an exclusive license but anti-trust legislation allowed a second license to be granted to Moldcell. A third license has already been granted to Eventis Mobile (www.eventis.md) owned by Eventis Telecom (Russia). Moldtelecom is developing a CDMA mobile service launched on March 1st under the Unité (www.unite.md) brand.

In 2008, the number of license-holders in the IT and telecommunications fields exceeded 1260, and the number of operational companies stood at 1209. Turnover registered by networks and services suppliers in the industry increased by 12.3% compared to 2007 and reached a level of MDL 5.7 billion (\$548.6 million), or 9.1% of GDP. This increase was achieved through an increasing number of suppliers and users of ICT services, diversification and improvement of the services offered, implementation of new services technologies, and especially broadband internet access.

While overall development of the communication sector is adequate, wireless technologies are still underdeveloped; neither WiFi nor WiMax are yet available in Moldova.

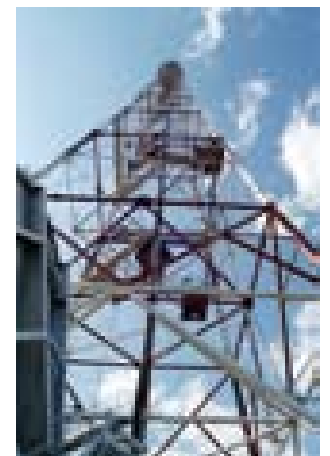
Microelectronics

This sub sector used to be the most developed during the Soviet period as Moldova was an important location for a large number of microelectronics production bases serving the defence industry. After the collapse of the Soviet Union, most of these production facilities went out of business. However, some succeeded in finding new markets and partners and now are operational. They include AGAT D, Topaz, Mezon and InformInstrument.

The Legal framework: licensing, standardisation and certification in the industry

The National Regulatory Agency for Telecommunications and Informatics is the independent regulatory body empowered to license the activities of ICT companies in the following areas:

- Data transport services (including terrestrial and VSAT network)
- Public data networks design and construction
- E-commerce services
- IP-telephony
- Maintenance of public data networks
- Design, maintenance and development of software products, informatics systems and equipment



ICT in Numbers

- In 2008, the number of fixed-line users exceeded 1.114 million, representing about a 31.2% penetration rate. Digital telephone exchanges account for 71% of the total telephone exchanges.
- In 2008, mobile telephone services exceeded 2.423 million users and covered almost 95% of the territory of Moldova. Penetration of mobile customers is about 68% of the population.
- About 40% of the population has access to a computer.
- About 23% of the population has access to the Internet.
- The overall level of education of population in Moldova is high: there are 122000 university students in 2008, or 341 per 10,000 inhabitants.
- Around 50,000 PCs are installed annually in Moldova. Under the Strategy for National Development it is planned to have 700 PCs per 1000 persons within 15 years.

- Informatics services in public places
- Design and development of informatics systems of national importance
- Creation and maintenance of informational resources of importance to the state
- Resale of data transport services on terrestrial and VSAT networks.

The State Department of Standardisation and Metrology was set up to standardise IT-related activity but no standards have

yet been developed. Companies thus do not have local quality certificates although several companies are looking for internationally recognized certificates that would support their capabilities and the work performed. Some companies have accordingly received certificates of Microsoft Certified Partners and Member Partner of Oracle Partner Network, quality certificates to ISO 9001:2000, ISO 9000 standards; and FIPS 140-2 certification for software products.

Human resources

Language abilities represent an asset and a competitive advantage for IT specialists in Moldova. Besides Russian and Romanian, a large number of Moldovans speak English, which facilitates work between foreign clients and subcontractors. In addition, a smaller (though significant) percentage of workers also speak French, German and Italian.

Depending on a company's specialisation, Moldovan IT producers use different programming languages, the most common of which are: C/C++/C#, HTML, Visual Basic, Assembler, Perl, Java, Delphi, MySQL, JavaScript, PHP, FlashScript, ASP, XML, .NET and Visual C. The most advanced IT companies train their staff abroad and certify them with globally-recognized certification.



Education

There are about 5000 students enrolled in IT specialities in Moldova, and about 1500 graduate each year. Specialists working for IT companies are mostly graduates from three main state universities offering ICT training:

- **The Technical University of Moldova** (www.utm.md) has two faculties serving the ITC sector: the Faculty of Radioelectronics and Telecommunications and the Faculty of Computers, Informatics and Microelectronics.
- **The Moldova State University** (www.usm.md) faculty of Mathematics and Computer Science.

- **The Academy of Economic Studies** (www.ase.md) faculty of Economic Cybernetics, Statistics and Informatics.

Development of continuing learning centres in ICT is at an early stage. There are only two companies offering certified training using Microsoft and Cisco Systems curricula respectively. However, there are two certification centres where well-trained professionals can obtain an international certificate. There is also a state Institute of Continuing Education (www.iic.md) which offers training in ICT, where holders of non-IT specialities can learn modern technologies and IT professionals can update their skills.

Company Profiles

Software Developers



www.alfa-xp.com

Alfa XP Web Software Company, LLC is a privately held software development company, with offices in Sterling, VA (USA) and in Moldova. The core of the company's technical team works as a software development outsourcing unit serving local and international clients for the last five years. By functional area, solutions include content workflow management, Web syndication, content analysis, online group collaboration, data collection, transformation and warehousing, data analysis and reporting (data mining), business process modelling and e-commerce. By business practice area, Alfa XP's solutions cover government, criminal justice and law enforcement, mental health and substance abuse, education and school safety, as well as the commercial sector. Alfa XP is qualified as a contractor to the United States Government; the company is registered in the Central Contractor Registration (CCR) database and assigned a Trading Partner Identification Number (TPIN) by the Defense Logistics Agency. Alfa XP is a Microsoft Certified Partner (MCP) as a service company and is on track to becoming a Microsoft Gold Certified Partner as an independent software vendor (ISV). The company's software engineering process adheres to both European and American standards (ISO9001 and CMMI).



www.deeplace.md

Deeplace is a trademark of **Slavans Grafica Ltd.**, and specializes in the creation of internet/Intranet corporate solutions. Its main business activities include development of systems for distance banking service, development and setting of Internet/Intranet systems and sites, and information security. The Company is an independent supplier of the systems for Distance Banking Service on the market of Moldova. The main customers of the company are banks, large government institutions and private companies. Ten out of fifteen Moldovan banks and more than 3000 private entities are clients who use on-line Banking Service designed by Deeplace. Main overseas markets are Russia, Ukraine, and Great Britain. The team consists of skilled experts having experience in developing the complex distributed software - bank, reference and industrial. The average age of the company team is 32 years. Deeplace is ISO9000:2000 certified.



www.dekart.com

Dekart is a developer of trusted data protection tools that address today's endpoint security challenges. The team is comprised of highly qualified professionals with extensive experience in the field of information security. Founded in 1995, Dekart now serves several thousands of businesses and enterprises around the world. Dekart's solutions help deal with multiple regulatory compliance issues like Sarbanes-Oxley, GLBA, and HIPAA, by eliminating data and identity theft and providing proper user authentication within the enterprise. These solutions include hard disk encryption and file encryption, smart card and biometric authentication for Windows, Citrix servers, Lotus Notes and SSH connections, Active Directory, Novell Client. Dekart also delivers SIM and smart card management solutions, being the manufacturer of the world's smallest USB

State companies

Moldtelecom

www.moldtelecom.md

Registru

www.mdi.gov.md/main_registru_md/

Special Communications Center

www.cts.md

Molddata

www.molddata.md

Radiocomunicatii

www.mdi.gov.md/main_radio-com_md/



Regulatory Organizations

Ministry of Information Development

www.mdi.gov.md

National Regulatory Agency for Telecommunications and Informatics

www.anrti.md

plug-in smart card reader, compatible with all types of smart cards available on the market today. Over the past ten years Dekart has earned a reputation as a trustworthy associate, with resellers and OEM partners in Japan, UK, Denmark, Germany, Italy, Spain, Russia, Ukraine, France, Canada, Argentina, Greece, Nigeria and India. Dekart closely cooperates with its strategic partners, among whom are global technology leaders such as Novell, ACS, Aladdin, NIST and others.

DNT Association



www.dnt.md



www.design.md

Design.md's activities include: development of enterprise level web enabled applications, data structure definition, data base design and implementation, development of web-based entertainment applications and video spots, creation and maintenance of high quality artistic websites, on-line advertising services, and professional photo services. Design.md's core expertise includes definition of the software application, information and infrastructure architecture, software development; web-enabled software development, and database development and administration. As one of the oldest web-design studios in Moldova, Design.md is strong in web interface design and website usability, graphic design, on-line branding and promotion. Due to local market specifics, core software components used as development/production platform are open standard components, like JBoss, Apache Tomcat, MySQL or Perl/PHP and DHTML/JavaScript.



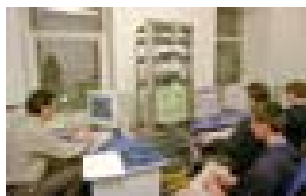
www.endava.com

Endava is a privately owned IT services company with more than 350 professional staff operating from offices across Western, Central and Eastern Europe. It was formed following the merger of Brains Group and Concise/INSL Group. Endava Moldova (EM), formerly Computdava, is part of the British group of companies Endava Group, which offers IT consulting, development, support, delivery and outsourcing (ITO) services to clients worldwide. Endava's customers operate in highly competitive industry sectors such as financial services, telecommunications, media and technology. The company's field of competency includes analysis, architecture, design, development, testing, and deployment based on Java, and .NET C, etc. technology. The company has developed projects using a range of Java and Microsoft technologies (VB, .NET, VS 2005) and database engines like Oracle, MS SQL, and Informix. The company has also experience in supporting legacy systems such as C/C++, and Assembler. Endava Moldova is part of the local Global Compact Network UN initiative to encourage businesses worldwide to adopt sustainable and socially responsible policies. Endava has achieved important certifications including ISO-9001, and ISO-27001, and has been a Microsoft Gold Certified Partner since 2005. Management continuously strives to bring the company to new levels of excellence ensuring the highest quality for delivered services.

QSystems

www.qsystems.md

QSystems is part of the on-line technologies domain based on Internet/Intranet solutions. The company's technologies contribute and determine the transformation of passive data into active information. QSystems' activity is based on a series of specializations related to the creation of informational systems for electronic invoicing, billing & clearing, remote financial offices and Internet business administration. The Company's products are the result of



its specialist experience in the domain of solutions processing and implementation for the banking sector. The products that integrate a large range of functionality and modern technological procedures include: BankOnLine© - a fully functional banking system; Retail © - an electronic system for invoicing and registration; and Air-Tickets© - an example of an application oriented on specific tasks. QSystems solutions are based on Microsoft technology, with a 4-layered-architecture of program modules: Microsoft© SQL Server© 2000/2005; Microsoft© Internet Information Server with .NET Framework; Web Services, under Microsoft© IIS & .NET Framework; and Web Application for Internet Explorer.



www.ritlabs.com

RitLabs is a software company specializing in communications products. Thanks to the e-mail client The Bat!, the first version of which went on the market in 1997, the company has grown and a series of successful products have been developed, such as Argus, SecureBat!, BatPost and others. The latest versions of The Bat! has obtained a "Certified for Vista" logo from Microsoft. The Bat! is an e-mail system with the highest level of protection. It ensures security and privacy unlike any other mailing client. Integrated anti-spam BayesIt filters, built-in Robin HTML viewer and independent address book format leave no chance for malicious messages and spam. Powerful encoding and encryption mechanisms keep all correspondence and contacts private. Today The Bat! is a leading e-mail client with several million users worldwide. Customers range from home-computing enthusiasts to business and government organizations including banks and other financial institutions, the aerospace industry, oil and gas vendors, IT software and hardware companies, and a wide spectrum of small and large businesses.

System Integrators



www.daac-system.md

DAAC System Integrator specialises in system integration and carries out a wide spectrum of jobs in this field, including consulting; designing and broad boarding of the future systems; delivery of the hardware, active network and cable equipment, telephony systems; installation of the equipment, and its testing and configuration.

As a hardware distributor, company collaborates with following brands: Dell Computer, Sun Microsystems, OKI, Xerox, APC, etc. For networking projects, DAAC Sistem resells or distributes equipment of well-known vendors such as Allied Telesyn, Cisco Systems, AESP, KRONE, Pandatel, ZyXEL, etc. DAAC System Integrator specialists have more than five years experience of complex network technologies application. Most of them have been certified by partnering companies.



www.snt.md

S&T Mold was founded in 1995 as a 100% owned subsidiary of S&T System Integration & Technology Distribution AG – Austria, and operates as a System Integrator in the Moldavian IT market. S&T Mold's advantage over its competitors derives both from its experience and financial capability - essential requirements in the

PrivateSectorCompanies

Communications

ARAX Impex

www.arax.md

Norma

www.norma.md

Riscom

www.riscom.net

Telemedia Group

www.tmg.md

Telcom Technologies

www.telcom.md

Transneogrup

www.neotel.md

Sicres Telecom

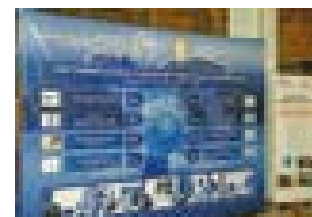
www.sicres.md

Starnet

www.stranet.md

SunCommunications

www.suncommunications.md



Association of Private Companies in the ICT Industry

www.ict.md

Founded in 2006 through the joint effort of seven leading domestic ICT companies, the Moldovan Association of Private Companies in Information and Communication Technology (ACPTIC) is the first association representing the information and communication technology industry of Moldova.

ARAX-IMPEX

TELCOM Technologies

TeleMedia Group Inc.

Riscom

Sun Communications

Sicres Telecom

ISABEL



implementation of large-scale projects, which enable it to analyse market information from inside and to approach the clients' demands flexibly. Nowadays S&T Mold is an exclusive ISO 9001:2000 certified System Integrator in the Republic of Moldova. S&T Mold has established strategic partnerships with such leaders in the IT field as Hewlett-Packard, Sun Microsystems, IBM, Cisco Systems Inc., Microsoft, Oracle Corp., IBM Informix, Check Point, APC and Computer Associates.

Learning Centres



www.dnt.md

DNT Association is an NGO aiming to contribute to the development of ICT in Moldova. It offers a unique opportunity in Moldova to study networking from its source – Cisco Systems. Cisco Certified Network Associate and Fundamentals of Network Security training courses are available through the Cisco Networking Academy (<http://netacad.dnt.md>) established in 2000 by DNT Association. The Cisco Networking Academy Program is a comprehensive e-learning program that provides students with the Internet technology skills essential in a global economy. The Networking Academy delivers web-based content, online assessment, student performance tracking, hands-on labs, instructor training and support, and preparation for industry standard certifications.

J.V. Learning Solutions

J.V. Learning Solutions is a branch of the Romanian training company, Learning Solutions, which offers Microsoft-certified training. It is a joint Romanian-Moldovan 100% privately owned commercial entity, with majority Romanian ownership that provides training and continuous human resources development services for professionals in the IT sector (primarily Microsoft products and technologies including the Microsoft Official Curriculum) and corporate development (soft skills, project management, sales & marketing, and human resources). The company offers training in change capacity development, team potential enhancement and Microsoft products and technologies professional development. The goal of the company's founders is to invest into the Moldovan economy both material resources and contributions to business environment development through its training and consulting services. The range of Microsoft training offered includes: Microsoft Certified Professional, Microsoft Certified Systems Administrator, Microsoft Certified Systems Engineer, Microsoft Certified Database Administrator and many others.

Recent Investments

The EBRD is strengthening competition in the Moldovan telecommunications market with a combined equity and loan finance package to private cable TV and Internet operator **SunCommunications Ltd** (www.suncommunications.md). This company is the oldest cable TV operator and probably will be the first company to deploy Triple Play to the mass market. The funds support SunCommunications Ltd to continue its ongoing acquisition and modernisation programme in the capital city Chisinau and its expansion into other main cities in the country. Modernization will include upgrading the cable TV networks and ex-

tending the transmission infrastructure. The company also plans to expand its coverage through acquisition and modernisation of smaller cable providers. SunCommunications Ltd, set up in 1994, has established itself as the biggest privately owned fixed line competitor. Michelle Senecal De Fonseca, EBRD Director of Telecommunications, said the Bank's investment provided an excellent opportunity to support a successful private enterprise. It is expected to have significant impact through increased competition, which will offer Moldovan customers greater choice at fair prices.

JUDIREC (www.judirec.md) is a multi-lingual call centre located in Chisinau, the capital of Moldova, which is stated to offer the best Quality/Price ratio in the European call centre market. JUDIREC has succeeded in different fields: follow-up calls, files qualification and telemarketing, and qualification and meeting establishment. Thanks to its 100 workstations and the most competitive

rates in the world, JUDIREC has become a unique European participant in international business. JUDIREC provides its services in several languages: French, English, German, Spanish, Italian, Russian, Romanian, Polish and others. JUDIREC offers its services in both incoming and outgoing call types: incoming calls, and hotline placement from level 1 to level 3.

How MIEPO can assist Investors and Exporters

MIEPO's investment promotion services include:

- Conducting general sector analyses, including macro-economic and other data such as operational costs and labour availability.
- Organising essential contacts during the pre-investment stage including facilitating negotiations at central and local authority levels.
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- Investor aftercare: policy advocacy, troubleshooting, advice, contacts.

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- Assisting with market entry strategies, researching markets, identifying market opportunities, and sourcing agents and distributors.
- Organising business and trade missions to established and prospective markets.
- Participating in leading international sectoral trade exhibitions.
- Providing support services to first time exporters including export training, market intelligence, and market planning.

MIEPO's primary objectives are to enhance the social and economic development of Moldova through investment and export promotion activities.

Moldovan Investment and Export Promotion Organisation

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www.miepo.md



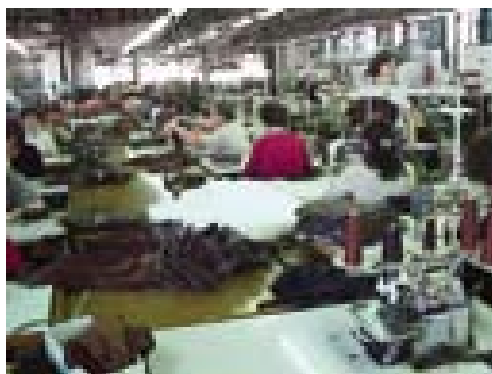
Investment & Export Promotion

Clothing & Textiles

- Garment production is one of the most dynamic sectors of the Moldovan economy
- There are more than 250 operating companies in the sector, nearly half of them medium or large
- More than 21,000 persons work in the sector
- Sector annual turnover is over 190 million euro
- Around 80% of the companies work on CM/CMT processing
- EU markets are the main destination of the sector's exports

In the post-2005 era of liberalised international trade, textiles & clothing have become a truly global industry, with the retailers and distribution firms being able to source product everywhere in the world. Apparel manufacturing as an industrial activity has been declining in the more industrialised countries for over 20 years and this process has speeded before 2008.

As manufacturing moves to lower cost countries, Moldova remains an attractive proposition for investment in a sector which already accounts for 1.5% of the general GDP and 30% of the manufacturing GDP. The textile/apparel cluster employs over 22,000 workers and has become one of the leading exporting sectors in the country, while the Moldovan government is committed to the development of this key industrial sector possessing a largely untapped export potential. The country's proximity to the EU is a key element among its strategic advantages as a supplier of textiles and apparel to consumer markets.



A wide range of products can be produced in Moldova and many of them are. The group includes all types of knitted and woven apparel, lingerie and nightwear, protective

clothing and carpets. More than 250 enterprises are active in the sector, many of them already figuring among the leading exporters of the manufacturing sector.

The first stage in the process of participating in the international trade, begins usually with the acceptance of outward processing work from the target markets. This type of production is also known as CMT (cut, makeup and trim), or by its German name of "Lohn Arbeit". Raw materials, trademarks and design all belong to the contractor, while the garment manufacturers' sole value added is putting together the final product. Initially, it has certain advantages, such as low capital investment; rapid access to new technologies and developing of skilled labour. Margins are low, however, and successful companies involved in this production will move towards developing their own product and offering prospective clients a full package.

In Moldova, many companies are already working for famous European brands, a fact that is reflected in the increasingly high export to such destinations as Italy, Germany, Romania & UK. New opportunities appear as manufacturing costs increase in other supplying countries, such as Bulgaria and Romania. The rapidly developing consumer market of the Russian Federation demands more garments every year. Its cultural and historical background can give Moldova an edge to improving market share there.

It becomes almost imperative to develop new export markets, to increase the range of products and to strengthen the necessary skills to operate internationally.

Moldova brings to the manufacturing equation a skilled workforce with competitive production costs in Europe and a dynamic industry in the process of acquiring new technologies, forming joint ventures and expanding its client base.

To this extent, MIEPO will continue to support the industry in its overseas expansion.

Sector Opportunities

Strengths

Textiles

- Growing demand for household textiles in CIS countries
- High production costs in EU make Moldovan products attractive.
- Easy access to markets under Autonomous Trade Preferences (ATP)
- Geographic proximity to EU markets.
- Good supply of cotton fabrics for bed linens
- Short delivery times to EU and Russia.
- Good price/quality ratio
- Good reputation for Moldovan products among CIS consumers

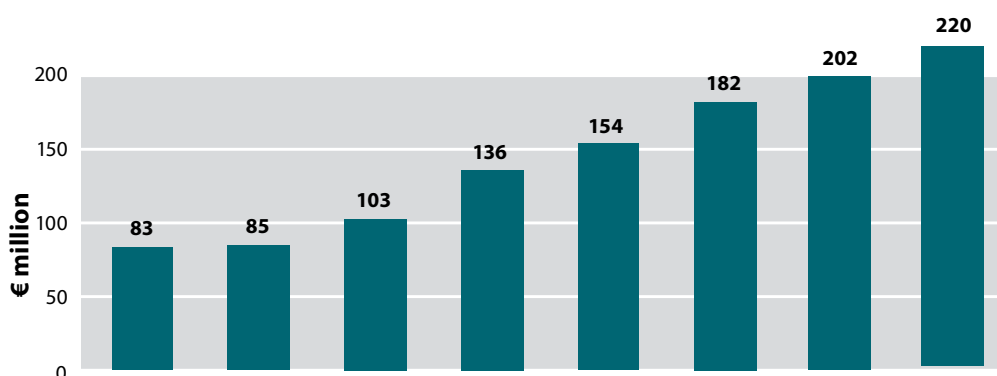
Apparel

- Relocation of production capacity away from EU countries
- Increasing preferences under ATP
- Deregulated textile markets in EU after 2005
- Relatively well qualified labour force
- Competitive production cost
- Proximity to consumer markets
- Good technology level on average

Carpets

- Growing demand for carpets in CIS markets
- Preferences for Moldova under ATP
- Good price/quality relationship
- Ability to deliver quickly to EU and Russia

Total exports of textiles and related products



Some Moldovan companies which manufacture clothing under their own label:

CODRU TEXTIL

Ready-made garments
vivamodels@yahoo.com

CROITOR TRICOT

Knitted outerwear; children's knitwear; sports knitwear; knitted goods.
tricotval@mcc.md

CODREANCA

Works clothes, ladies' clothing
codreanca@mtc-cl.md

GALANTA

Textile haberdashery, fancy bands and cords; curtain cloth; shoe laces.
galanta@mtc-or.md

IONEL

Men's clothing; ladies' clothing; work clothes; headwear.
partners@ionel.moldnet.md

LENICRIS - LUX

Children's knitwear; sports knitwear; knitted goods; underwear.
lenicris@gmail.com

RAVETTI

Ladies' underwear; lingerie.
office@ravetti.md

TRICON

Ready-made garments; knitted goods; knitted outerwear.
Tel: +299 20746

VASCONI

Underwear; sports knitwear; knitted goods.
info@ixstyle.md

VISTLINE

Ladies coats.
vistline@mail.ru

MOBILE

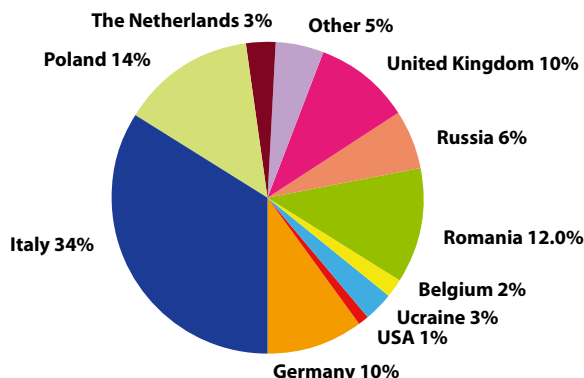
Ladies' clothing
mobile@arena.nor.md

RUNFELSIA

Ladies' and mens clothing, knitwear
elitestyle_admin@mail.ru



Textiles and apparel export structure in 2008, by country



Company profiles



JSV Ionel

The Joint Stock Venture “**Ionel**” was established in October 1945. The factory is specialized in the production of men’s clothes: coats, suits, jackets, trousers; women’s clothes: coats, suits, jackets, skirts, shorts, - children’s clothes: suits, trousers. Beside this assortment, special clothes, bedclothes and hats are sewn. More than one hundred new models are designed during the year for stores in Italy, Germany, the United States and Canada. The company participates in exhibitions in the USA, Italy, France and CIS countries. In 1996 it was awarded with the International Premium Prize for Technology and Quality.

JSC Codreanca JSC Codreanca, situated in Calaras, with 100% private share capital, was founded in 1967, and specializes in sewing work clothes, ladies and mans clothing. Since 1995 JSC “Codreanca” has collaborated with companies from Italy, Holand and Germany in Lohn system production.



JSC Tricon

JSC “Tricon” situated in Cahul. Based in 1966, this enterprise is the biggest producer of knitted and woven articles from south of the country. The selection of the produced goods includes the knitted wear for women, men and children; woven articles for women – dresses, pants, skirts, blouses, suites, half-length overcoats and coats for winter. For long time “Tricon” Company works with foreign companies from Austria, Germany, Italy and Romania. In 1996-1997 at the XIX and XXII “International. Competitions “International Gold Star” the high duality of goods was commended with “Gold Star”. The prize “Platium Star” , the “Tricon” Company has been obtained at the XIV International competition in 1998 in Madrid, Spain. The JSC “Tricon” has modern equipment and introduces new technologies. The qualified artists create new collection of fashionable wear.

JSC Floare-Carpet

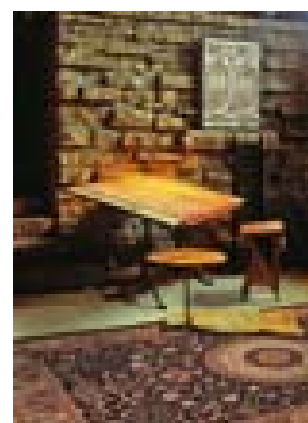
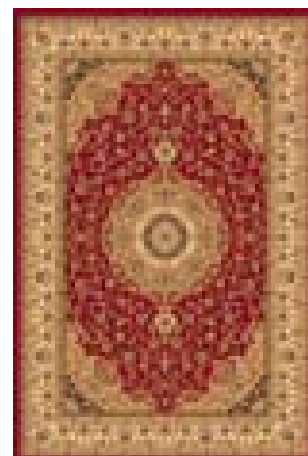
JSC “Floare-Carpet” is an enterprise which produces jacquard double-faced machine made carpets. It was founded in 1978. The technological cycle of carpet production represents a finished process which refers to the production of wool and pure wool threads, their dyeing, carpet weaving, finishing, and marking and stocking of the finished products. The high content of wool fibres in combination with good technology provides the optimal operational quality to the carpets. The assortment of finished articles constitutes a variety of colors, drawings and dimension types. JSC «Floare-Carpet» is interested in further developing and promoting its export of carpets and carpet articles.

JV INFINITY Inc. Moldovan-Turkish JV “INFINITY Inc.” was founded in 1997. Number of employees is more than 1000. Product assortment: nightgowns, pyjamas(for women and men), tracksuits, underwear for men (pants, boxers and tank tops), football shirts, polo jerseys, and knitted clothing for children. The enterprise has wide experience in collaboration with well-known companies from USA,Canada, Japan and European countries.

JV MOLDABELA Moldovan-Belgian JV «MOLDABELA» LTD was founded in 2001 on the basis of a Moldovan carpet production company JSC «Covoare-Ungheni». Number of employees is approximatively 400 persons. The factory is specialised in production of jacquard carpets, synthetic and wool carpets and is the leader in this field. The assortment is characterised by a wide range of classic, Oriental, European and abstract style images (more than 1000). The enterprise is equipped with industrial modern equipment from Belgian and German producers (sewing machines, equipment for decorative work and packing equipment). The policy of the enterprise is to manufacture quality carpets, in accordance with clients' demands. For this purpose the quality system EN ISO 9001: 2000 was implemented.

STEAUA- REDS Mixed Moldovan-Italian enterprise «STEAUA- REDS». Employs more than 250 persons. Founded in 1998 on basis of the knitting factory «Steaua». The new enterprise uses the best traditions of production of knitted articles – 50 years of experience in production, professionalism, leading edge skills, Italian style and quality, and advanced manufacturing science. Monitoring modern trends in fashion and being in step with technical progress in the knitting industry, «STEAUA- REDS» produces a large range of knitted articles from all types of fabrics for ladies, men and children: sweaters, jackets, dresses, skirts, jumpers, scarves, hats. The enterprise uses different fabrics and different types of finishing (printing, machine and manual embroidery) giving to the products an elegant or a sport style.

IUVAS The IUVAS knitting factory has high specification technical equipment, which allows for the production of a diverse range of products and high productivity. The company has sewing machines such as : Pegasus, Juki, Global and Yamato. All products are sold on the internal market of the Republic of Moldova. The factory is interested in exporting its range of product.



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