



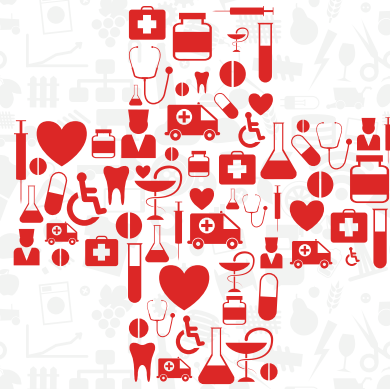
Agriculture



Textile, Apparel,  
footwear and leather goods



ICT



Medicine



Automotive



Renewable Energy

# Moldova

Opportunities near to you

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## Introduction

The Republic of Moldova is located in the Eastern part of Europe, bordered both by EU and CIS, acting as a bridge between these two large markets.


Historically, Moldova has a strong industrial tradition, a developed technical education system, which results in a well-prepared industrial labor force. Human resources are one of the most important assets of Moldova. Well-educated professionals with high proficiency in several languages are looking forward to work with foreign companies.

With many significant investors already producing in or sourcing from our country, there are a range of opportunities for companies who are seeking new production opportunities and investments.

Companies such as Dräxlmaier AG, Lear Corporation, Leoni AG, Südzucker, Lactalis-Alba, and many others already established their own plants in Moldova, or produce by making use of the local sub-contractors.

Whether you are looking to gain access to the Russian or European markets, optimize your operational costs, find skilled labour at competitive wages, relocate and still remain close to you distribution or assembly centres, Moldova is your country that meets your needs.

## Top Reasons to Invest in Moldova:

	Proximity and easy access to major markets. Moldova's trade is largely liberalized to both the European Union and Commonwealth of Independent States. Most major destinations in these markets can be reached within 2 truck days.
	An investment friendly environment. A continuous increase in the Doing Business ranking, registering a jump of 20 positions from 2009.
	Our Free Economic Zones Offer further incentives including a lower rate of corporate tax of 6%. They represent excellent manufacturing platforms offering also state guarantees and administrative support.
	The workforce is skilled and multilingual. Labor costs are the lowest in the region, creating a competitive business environment.

## Key facts

<b>Official name:</b>	Republic of Moldova
<b>Area:</b>	33.850 km <sup>2</sup>
<b>Population:</b>	3.559.541
<b>Language:</b>	The official language is Romanian (similar to Moldovan); Russian is the second most spoken language in Moldova. Many Moldovans also speak English, German, Italian and other languages. The largest minority groups are Ukrainians, Russians, Gagauz and Bulgarians.
<b>Capital:</b>	The capital city is Chisinau with approximately 800 thousand inhabitants. It is also the commercial and cultural center of Moldova. Other large cities are: Balti, Orhei, Cahul, Hancesti, Ungheni and Soroca, located throughout the country.
<b>National currency:</b>	The national currency is the Moldovan Lei (MDL), which is freely convertible in any international currency. For one Euro, you would receive approximately 16.5 Lei (MDL, as of 2013).
<b>GDP (billion USD, current prices):</b>	Moldova's GDP stands at 7.003 billion USD in current prices, or more than 12 billion USD in purchasing power parity valuation. The GDP per capita has been 3,613 USD (2012).
<b>GDP per capita at PPP:</b>	3,373 USD

## Location, Location, Location

Moldova bridges East and West, it has an outstanding location for your investment. Bordered by Romania on one side and by Ukraine on the other, Moldova is close to both EU and CIS markets.

You will be able to reach destinations in Eastern Europe within one day, and Western Europe within two to three truck days.

Moldova can be reached by all means of transportation: Air, road, rail, sea (Black Sea) and river (Danube) ships.

### Air

Direct 2 hour flights take you to Chisinau from Munich, Frankfurt, Paris, London, Istanbul, Kiev, Moscow and Bucharest. Within 3-4 hours, you will be in Chisinau from virtually all capitals in Europe.

Moldova has 3 International Airports for passenger flights. Balti and Marculesti airports operate charter and cargo flights.

### Road

The length of road network in Moldova is 3300 km long. The road network includes international routes and access points.

The longest Pan-European transport Corridor IX crosses the country from North to South, linking it to key trade partners. It includes Helsinki (Finland), Vyborg (Russia), St. Petersburg (Russia), Gomel (Belarus), Kiev (Ukraine), Chisinau (Moldova), Bucharest (Romania), Dimitrovgrad (Bulgaria), Anexandroupolis (Greece). The pan-European Corridor IX is 3400 km long and it represents one of the international transport corridors created to support trade and investment.

Travelling by car to Chisinau will take you 6 hours (500 km) from Bucharest, 18 hours (1500 km) from Berlin and 5 hours (460 km) from Kiev.

### Rail

The total length of the railway network is 1250 km. The entire length of the Moldovan railway network is single track. Direct connections exist to Ukraine and Romania. The most important crossing is Ungheni (MD) – Iasi (RO) and another two are Cantermir (MD) – Falciu (RO) and Giurgiulesti (MD) – Galati (RO). International passenger trains run to Bucharest, Kiev, Minsk, Saint Petersburg and Moscow. Cargo trains run within the country, and up to the South of Poland, as well as to CIS countries.

### Shipping – Ports and Harbor

The Giurgiulesti International Port is situated at km 133.8 from the Black Sea on the maritime section of the river Danube. The Port has easy access to the Black Sea with maritime vessels, to Romania and Ukraine along the Danube with river barges, as well as inland rail connections to both the CIS and EU countries, making it a major logistics hub not only for Moldova, but for the entire region.

The Giurgiulesti Port is also linked to the Pan-European transport Corridor VII: the Danube from Passau (Germany) to the Black Sea, which is 2300 km long. The excellent location is strategic for business development, including due to tri-modal transport infrastructure, low customs environment and a unique customs and tax regime.

## Economy facts

The economy of Republic of Moldova developed on average more dynamically than most EU countries during the last years. Over the years 2009-2012, the economy grew approximately at 4.5% each year, which represents a remarkable rate in times of crisis. Its cumulative economic growth rate stood at 14% in the years 2009-2012. The most dynamic sectors have been ICT, manufacturing industry, automotive industry, agriculture and others.

Historically, the largest industries in Moldova have been manufacturing industry, agriculture and food processing, textile, apparel and footwear. The ICT sector is a rather new and fast growing sector for Moldova, with many foreign companies entering the market.





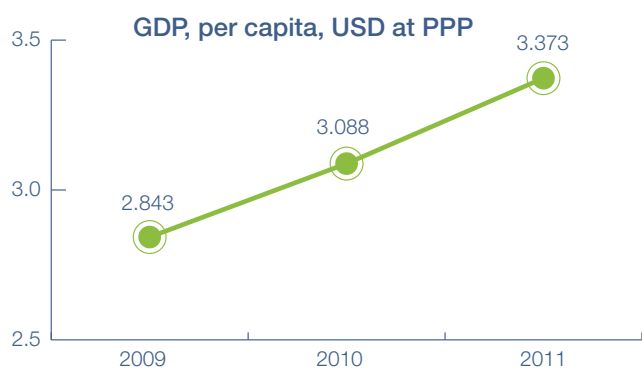


The GDP registered a constant growth over 2009-2011. The worsening economic conditions in Europe and extremely hot and dry weather sent Moldova's economy into recession in 2009. In 2011, the economy started to recover, registering a slow increase in GDP. The forecasts for 2013 are positive, as agriculture and manufacturing industry expect to recover, with ICT and other sectors tend to expand.

World Bank growth expectations amount for 4-5 percent in 2014-2015, due to increased external demand of products exported by Moldova.



Source: National Bureau of Statistics; "Expert-Grup".

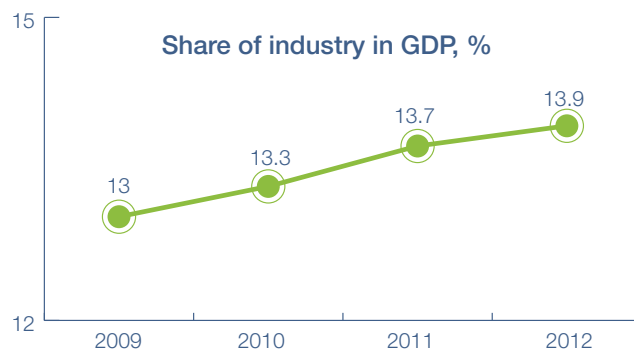


Source: National Bureau of Statistics.

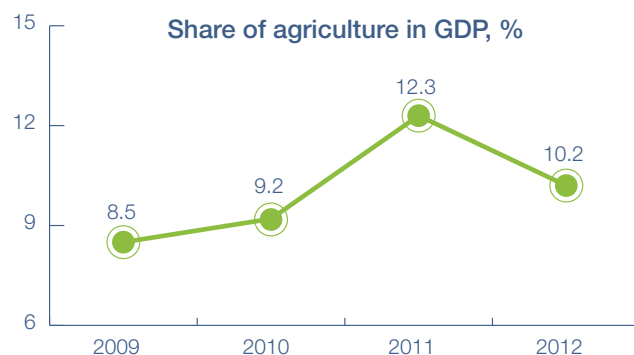
The industry production reached 13.9% of GDP in 2012, while agriculture production reached 10.2% in 2012. The increased industrial production is registered in the manufacturing industry and mining and

quarrying industry. A significant intake was brought by the automotive industry, which is one of the most dynamic industries in Moldova.

The share of agricultural sector decreased mainly due to the severe drought. However, the agricultural sector has large potentials in production of fresh and processed fruits and vegetables, wall nuts, honey, meat, dairy products and poultry. Much potential could also be found in production of organic and biological food. This is due to the rich soil and appropriate climate.

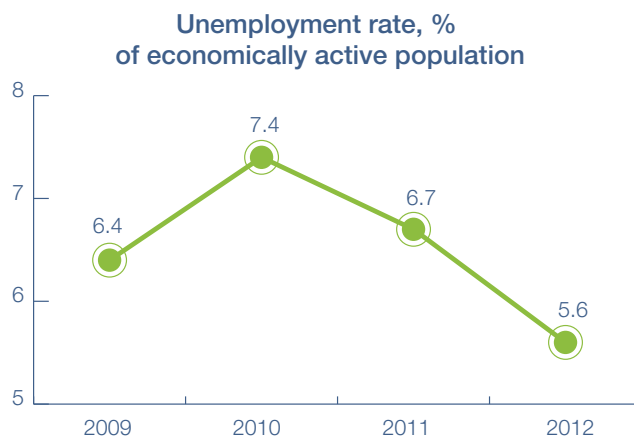


Source: National Bureau of Statistics.



Source: National Bureau of Statistics.

In 2012 the unemployment rate stood at 5.6%, with a medium term of 13 months of unemployment. The total amount of unemployed persons includes: 42.2 thousand men and 25.6 thousand women included:



Source: National Bureau of Statistics.

## Population facts

Moldova's population is a vibrant and adaptable society, with 80% of the population multilingual and 33% of population under 25.

Moldova successfully and peacefully merges such nationalities as Moldovans, Romanians, Russians, Ukrainians, Gagauzian, who are close to Turkish, and other cultures. As well, Moldova's population has a high degree of language skills in Romanian, Russian, English, French, and other international languages.

Moreover, the young population is looking to working with international companies and uses their competences and skills.

Companies looking for more than 1000 employees will find them in large Cities, like Chisinau and Balti. They offer available and trained workforce.

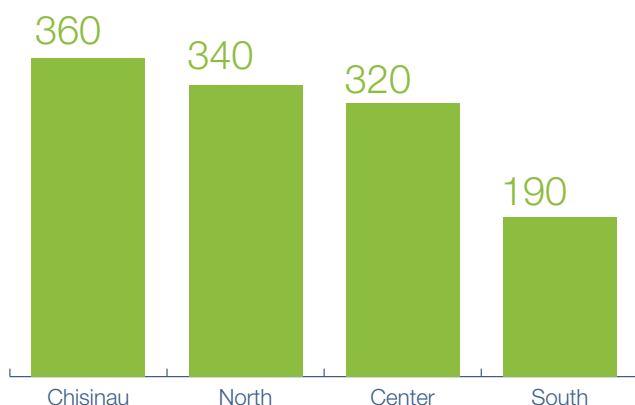
Companies looking for less will find extremely attractive and competitive regions all over the country.

Municipalities	Population
Chisinau	800,600
Orhei	125,600
Cahul	124,900
Hincesti	121,200
Ungheni	117,300
Soroca	100,100
Balti	149,700
<b>Total</b>	<b>3,559,541</b>

Source: National Bureau of Statistics.

Availability of workforce, in 1000 workers

Active population across regions, 2012



Source: National Bureau of Statistics.

## Education

Moldova features a comprehensive education system, starting from kindergartens and primary schools to higher education. Nearly 80% of the population graduated at least a secondary education.

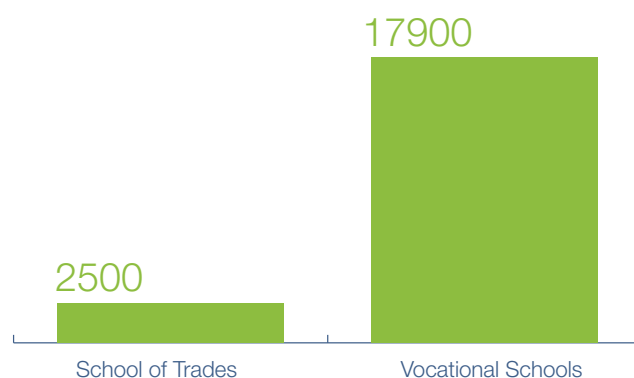
Vocational education is also an integral part of the national education system oriented towards training and development of specific skills and competences, in order to have prepared pool of workers for the national economy and foreign companies.

Vocational education provides training in a profession according to the harmonized European framework of qualifications, as required by the labor market.

In Moldova there are 52 vocational schools and 15 trade schools.

The most popular studies in vocational schools are in the fields of construction, industry, transport, agriculture and telecommunication. Popular professions are: mechanic for reparation of cars, operator for electronic computers, electrical engineer, electrical mechanic of various equipment and many others.

No. of students 2011/2012

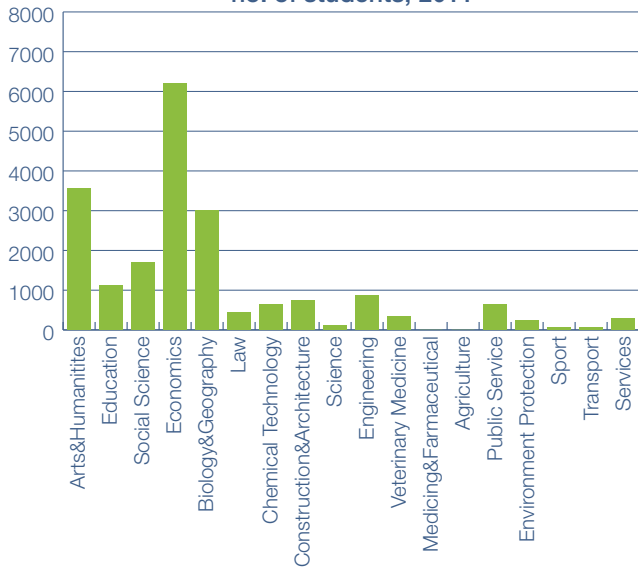


Source: National Bureau of Statistics.

In the academic year 2011/2012 the network of higher education institutions consisted of 99 units, including 19 state institutions. It includes a Technical University, Agrarian University, Academy of Economic Studies, University of Law, Social Sciences and others.

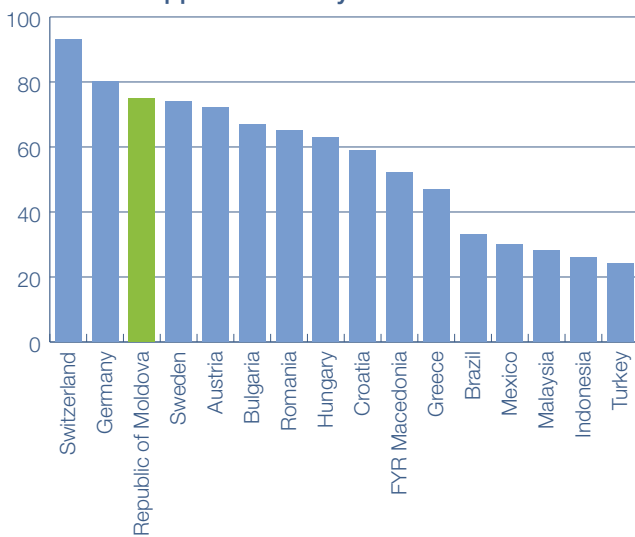
Popular technical specialties are: Engineering and management in machine building, engineering and management in mechanics, IT, Informatics and Microelectronics, Radio Electronics, and others.

**Type of education Bachelor degree, no. of students, 2011**



Source: National Bureau of Statistics.

**Education level, % of population with upper secondary education and above**

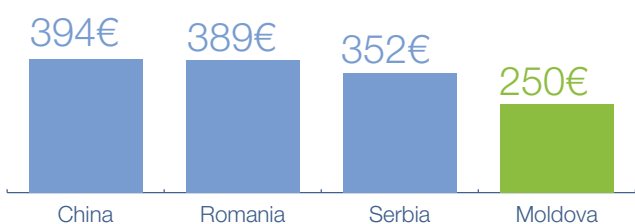


Source: UNESCO Institute for Statistics (April 2011).

## Labor Costs

Moldova commends a highly-skilled, competitively-priced workforce. Labor costs are amongst the lowest in the region and low enough to ensure cost-effective operations.

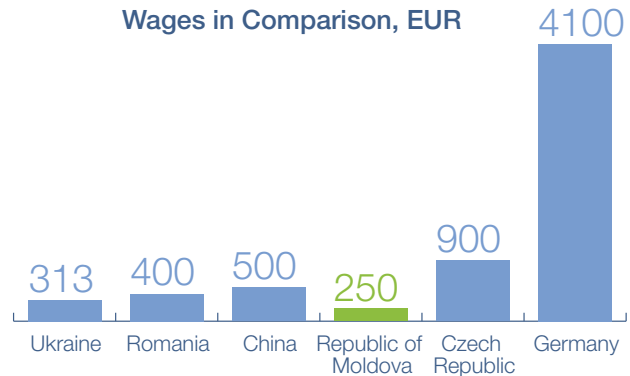
**Wages in Comparison - Monthly net wage in the economy (2012)**



Source: National Bureau of Statistics of Moldova, Romania, Serbia, China.

The gross wages in Moldova for workers in the industry sector range from 200 EUR-500 EUR, depending on the region and professional level of the employee, which is lower than the wages in the region. A newly-graduated university student of engineering could earn up to 800 EUR.

**Wages in Comparison, EUR**



Source: National Bank of Moldova (2010); Chinese Government (July 16, 2010 data release)

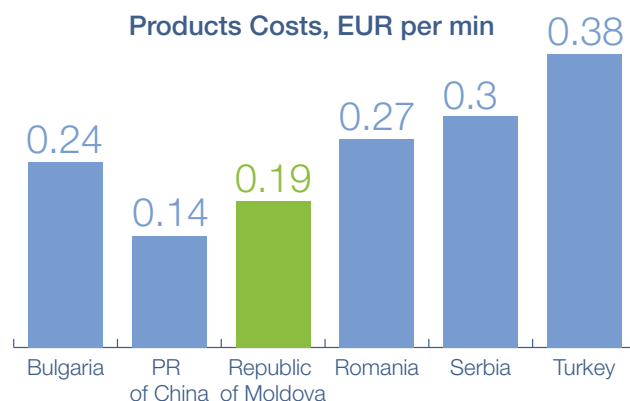
Moldova's labor force combines low-cost with high productivity, thus reflecting the key factor for a strong business performance. The quality of the labor force also derives from the industrial experience and history of Moldova, as it was one of the most industrialized republics in former Soviet times.

Technical education is one of the strongest in Republic of Moldova, and it comprises best engineers known for their expertise. The number of engineers, managers and other specialists is sufficient to meet the investor's demand in most sectors.

In this context, private companies tend to point out that two types of skills can be considered to be in high offer in the Republic of Moldova: language skills (the majority of the population is bilingual in Romanian and Russian) and IT-related ones. (UNCTAD)

## Production Costs

**Products Costs, EUR per min**



Source: Spelleken Assoc. and Avanz Experts' Panel.

## Taxes in Moldova

There are 45 operational Tax Treaties for Avoidance of Double Taxation concluded by Moldova with other jurisdictions. Even if Moldova is not a member of Economic co-operation and Development Organisation (OECD), Moldova applies OECD rules in interpreting Double Taxation Treaties.

Moldova has a competitive general Corporate Income Tax rate of 12%. The corporate tax is even lower if you decide to produce in a Free Economic Zone, amounting to 6%.

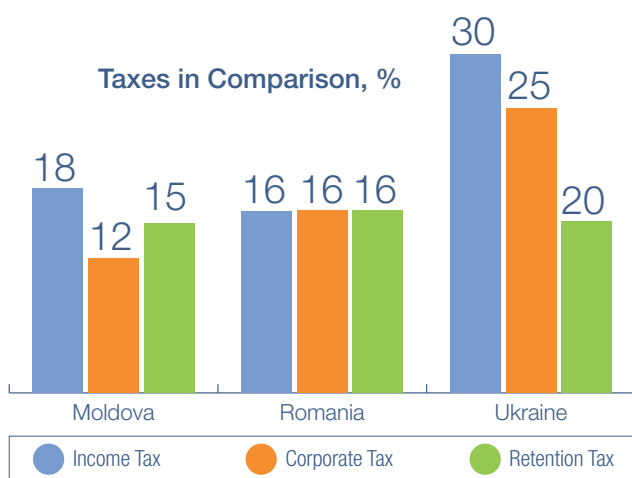
Type of Tax	Minimum Tax Rate	Maximum Tax Rate
Income tax	7%	18%
Corporate Tax ( flat)	<b>12%, Halved to 6% within Free Economic Zones</b>	
Social security	<b>6%</b>	
Health security	<b>3.5%</b>	

The corporate income tax Moldova offers is one of the lowest in the regions.

### Corporate Income Tax across Regions

<b>Moldova</b>	<b>12%</b>
Romania	16%
Hungary	10 -19%
Poland	19%
Slovakia	19%
Czech Republic	19%
Croatia	20%

Source: PricewaterhouseCoopers.



IT Companies benefit from a range of tax incentives. For example, the Personal Income Tax (PIT) is limited for salaries paid in this sector to a certain monthly amount (i.e. two average forecasted salaries per economy).



## Customs Regulation

Moldova is a member of World Trade Organisation since 2001.

In general, legal provisions allow moving freely any type of goods in and from the territory of Moldova. Under the Moldovan law, both definitive and suspensive customs regimes can be applied in Moldova. The definitive customs regimes cover import and export, while suspensive regime include transit, bounded warehouse, inward processing relief, processing under customs control, temporary admission and outward processing relief.

The Moldovan Customs Tariff is based on the Harmonised Commodity Description and Coding System and the customs valuation are applied according the General Agreement on Tariffs and Trade (GATT).

Preferential tariff treatment can be granted for specific categories of goods depending on their origin and in accordance with the Free Trade Agreements (FTA) to which Moldova is a party.

Moldova has signed Free Trade Agreements with most of the Commonwealth of Independent States (CIS), Central European Free Trade Agreement (CEFTA), as well as the Autonomous Trade Preferences with the EU.

The “Green Corridor” is a new pilot-project launched by the Customs Office. It provides simplified transit of goods across the border. Credible businesses can cross the customs boarder in priority regime.



This reduces the number of physical checks and documentation of these companies in relation to other traders. The first company that benefited from this facilitation is “Dräexlmaier Automotive”, which produces electrical equipment for cars, and it is resident of FEZ Balti.

As well, beginning of January 1st, 2013 businesses can benefit from simplified customs procedures, obtaining one of the 4 statutes: low risk economic agent, economic agent undertaking local clearance, credible economic agent, reliable carrier.

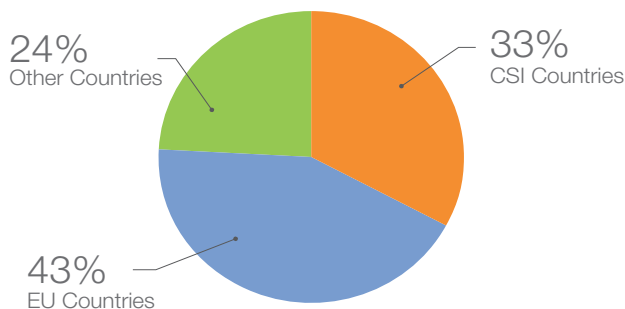
The simplified procedures provide operators more advantages that comply with the expectations of the companies - importers / exporters, and provide international freight services.

The list of simplified customs procedures includes: crossing the border as a priority, on a special line for authorized economic operators, reduced number of physical controls, reduced number of papers presented at customs clearance, the possibility of customs clearance of goods in weekend and over working hours; exemption from nondestructive customs inspection, provision of consultations.

## Market potential (export, import)

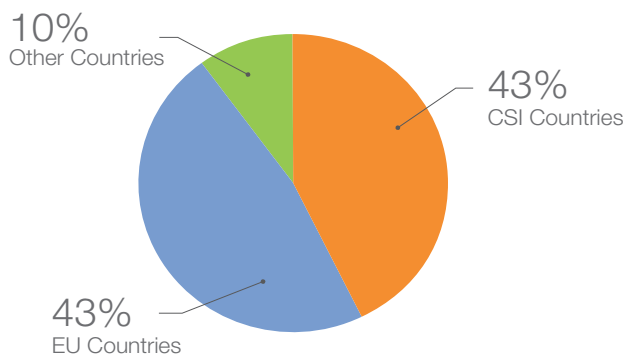
European Union is the main trade partner of Republic of Moldova. EU granted the Republic of Moldova autonomous (unilateral) trade preferences, among which a duty-free access of most Moldovan products to EU markets, based on the European Neighborhood Policy. Intense trade relations between the EU and Moldova are also reflected in the on-going negotiations on the DCFTA and in the perspective of signing the EU Association Agreement.

Volume of imports, 2012



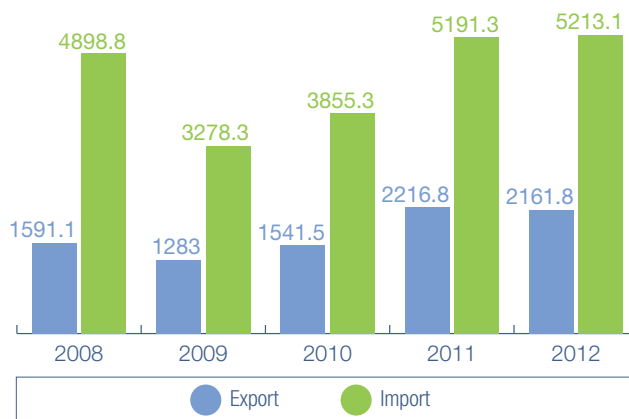
Source: Ministry of Economy.

Volume of exports, 2012



Source: Ministry of Economy.

Total volume of exports and imports, USD billion



Source: Ministry of Economy

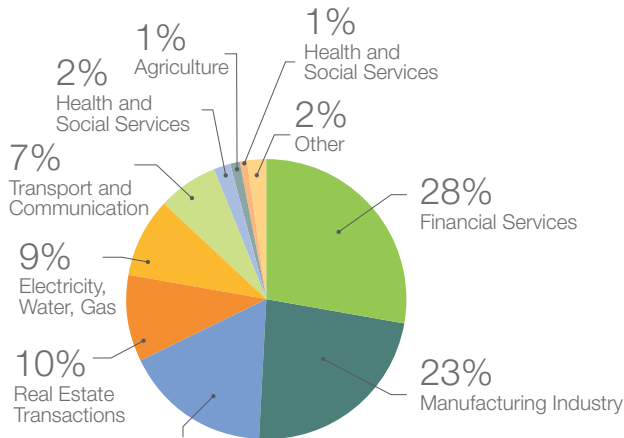
Businesses located in the Republic of Moldova can export duty free to the West (EU), East (CIS) and South-East (Balkans). Since 1995, the country also has a preferential access to the United States and Japanese markets under the Generalized System of Preferences. Moreover, Moldova is negotiating new trade agreements with other major trading partners, such as Turkey.

## Foreign Direct Investment Facts

In 2011, the inflow of the net direct foreign investment into the economy of Moldova registered an increase of 38.8% from 2010, and it is still growing.

The largest part of investment is in joint venture companies, while the rest belong to companies in foreign ownership. Much of foreigners direct investment is concentrated in processing industry, electricity and heating energy, manufacturing industry, agriculture, as well as wholesale and retail trade and financial activities.

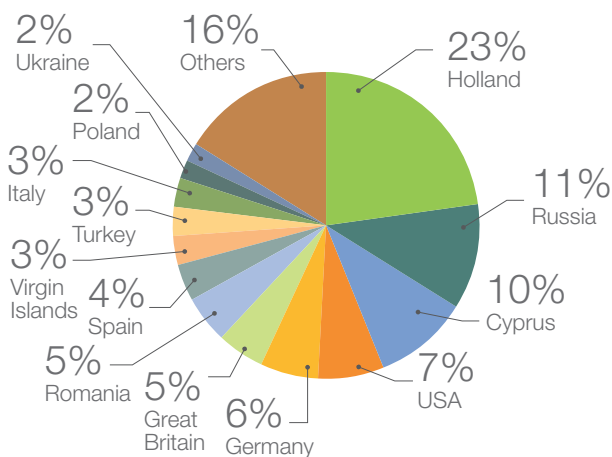
**Sectorial composition of the cumulative FDI inflows of the Republic of Moldova, 2011**



Source: Ministry of Economy.

Investors to Moldova come from many different origins. Russia and the EU countries make up for large shares of the total investments. Other countries as well play an important role. This shows that Moldova is open for business for everybody.

**Origin of FDI in Moldova, %, 2011**



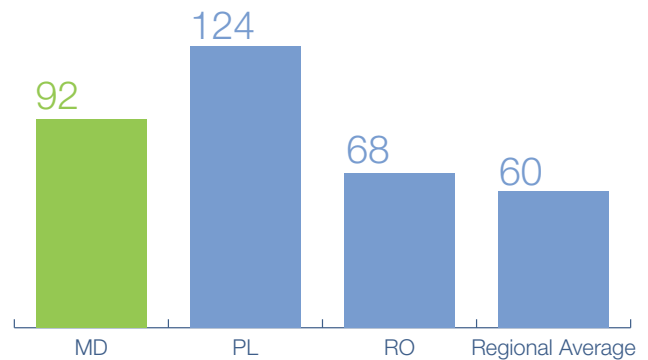
Source: The State Chamber of Registration.

## Business Start-up in Moldova

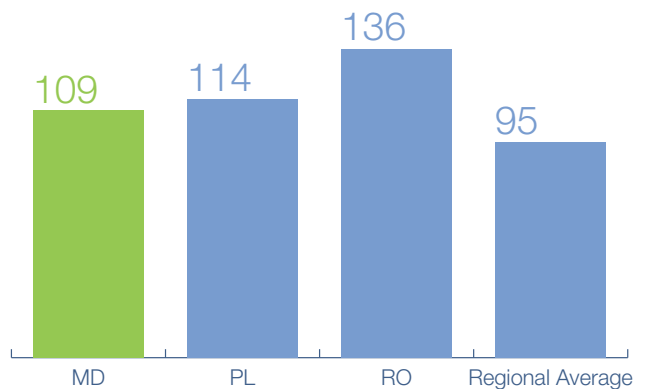
It takes 7 procedures and 9 days to register a business in Moldova.

In Doing Business Ranking 2013 Moldova registered a jump of 20 positions from 2009, which results in a more investor friendly environment.

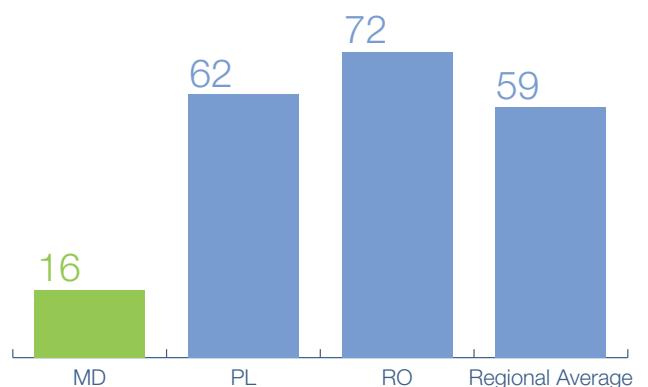
**Start a business, DB 2013**



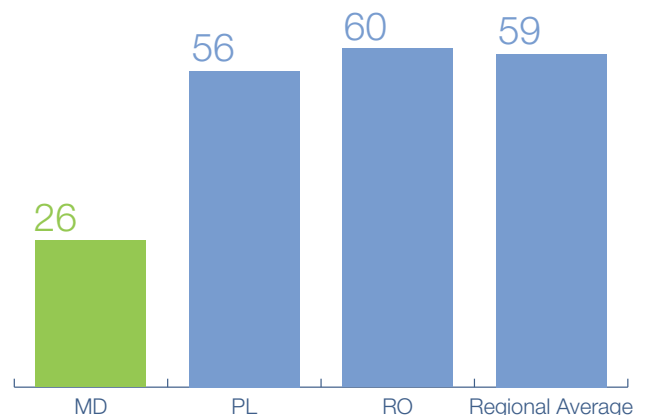
**Paying Taxes, DB 2013**



**Register Property, DB 2013**



**Enforce contracts, DB 2013**



## Attractive Opportunities for your Investment – Free Economic Zones and Industrial Parks

Free Economic Zones represent excellent platforms for businesses that are conducive for export-oriented manufacturing companies which wish to benefit from a preferential customs and tax regime. There are 7 Free Economic Zones in Moldova, spread around throughout the country and located either near a border, or in big cities. The Free Economic Zones offer preferential conditions, and a dedicated customer-oriented administration. In addition, Giurgiulesti Port and the Marculesti Airport offer conditions that are comparable to that within FEZ.

Activities in the Zones are limited to industrial production, packaging, trade, transportation, logistics and utilities, with priority given to manufacturing.



### Why are Free Economic Zones advantageous for the Automotive Industry?

- FEZs are connected to all important transport routes and have access to all regions through the National and International roads;
- Customs Office available on site: operating 7days/week; if necessary 24h/day;
- Exemption from customs duties and excise duties on goods imported into the FEZs and subsequently exported;
- VAT for equipment and machinery: 0% VAT
- Corporate tax rate stands at 6% (12 % in the rest of the country)
- Customs Duties exemption
- Customs procedures tax: 0.1% (from Customs value of goods) / outside FEZs 0,4%;
- 10 - years state guarantee for protection against adverse changes in legislation



### Fiscal preferences for Investments:

- Residents who invested in fixed assets of the company and/or in FEZ infrastructure development a capital equivalent to at least 1 million USD – are exempted from Corporate Income Taxes for a period of 3 years, starting with next quarter after the mentioned investment volume was achieved;
- Residents who invested in fixed assets of the company and/or in FEZ infrastructure development a capital equivalent to at least 5 million USD – are exempted from Corporate Income Taxes for a period of 5 years, starting with next quarter after the mentioned investment volume was achieved;

### Successful big FEZ Residents:

Automotive Supplier	Products	Location
Dräxlmaier	Cable Harnesses	FEZ
Lear	Seat Covers	FEZ
Gebauer&Griller	Cables	FEZ
Steinel	Sensors	Not FEZ
Terra Impex	Fiberglass Mesh	FEZ
Introscoop	Cable Harnesses	Outside FEZ



## Industrial parks

Industrial parks are delimited territories in which industrial production, services provision, applied scientific research and/or technological development are carried out under some preferences. Special incentives exist:

### Preferences:

- Free re-zoning of agricultural into industrial land
- Land can be purchased at normative (below market) prices
- Reduced rental price for State land
- Free connection to existing infrastructure in the park
- Minimal state inspection and control regime

There are five Industrial Parks: Bioenergagro (North), Raut (North), Tracom (Centre), Raut and Cimishlia (South). There are eight additional feasibility studies for industrial parks under consideration, covering different legal forms (public, public-private and private administrator enterprises). Industrial parks can potentially become the centre of investment attraction and the place for different industrial and IT projects.

Firms are given legal and consulting support in obtaining licenses, permits and approvals. Consulting services also include project development, personnel recruitment, knowledge management, marketing, etc.





We can help you to find out more.

Contact us:

[www.invest.gov.md](http://www.invest.gov.md)

[invest@gov.md](mailto:invest@gov.md)

The Investment Attraction Team works under the direct mandate of the Prime Minister of Republic of Moldova and is located in the Prime Minister's Office.

We provide high-quality services for potential investors throughout the investment decision process. As well, we support existing investors in extending their operations.

Our team consists of permanent investment attraction staff; sector related consultants, as well as regional officers. Combining our experience, we are able to provide you with information relevant for your decision making, as well as with links to businesses and government.

