



AmCham Moldova
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ASSOCIATION



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To: H.E. Mr. Pirkka Tapiola

Head of the EU Delegation to Moldova

To: H.E. Mr. Matthias Meyer

Ambassador of the Federal Republic of Germany to Moldova

To: H.E. Mr. Gerard Guillonau

Ambassador of France to Moldova

To: H.E. Ms. Ingrid Tersman

Ambassador of the Kingdom of Sweden to Moldova

To: H.E. Mr. Mátyás Szilágyi

Ambassador of Hungary to Moldova

To: H.E. Mr. Georgi Panayotov

Ambassador of Bulgaria to Moldova

To: H.E. Ms. Violeta Motulaitė

Ambassador of Lithuania to Moldova

To: Ms. Armine Khachatryan

IMF Resident Representative in Moldova

To: Ms. Nicola Harrington-Buhay

UN / UNDP Resident Representative in Moldova

To: H.E. Mr. William H. Moser

Ambassador of the USA to Moldova

To: H.E. Mr. Philip Batson

Ambassador of the United Kingdom to Moldova

To: H.E. Mr. Enrico Nunziata

Ambassador of Italy to Moldova

To: H.E. Mr. Artur Michalski

Ambassador of Poland to Moldova

To: H.E. Mr. Marius Gabriel Lazurca

Ambassador of Romania to Moldova

To: H.E. Mr. Jaromir Kvapil

Ambassador of Czech Republic to Moldova

To: Mr. Abdoulaye Seck

World Bank Country Manager

To: Mr. Kent Larson

USAID Country Director

To: Ms. Julia Otto

Head of EBRD office in Moldova

Copy: Mr. Nicolae Timofti

President of Moldova

Copy: Mr. Andrian Candu

Deputy Chairman of Parliament of Moldova

Copy: Mr. Oleg Bodrug

Deputy Chairman of Parliament of Moldova

Copy: Mr. Valeriu Lazăr

Deputy Prime Minister of Moldova

Minister of Economy

Copy: Mr. Anatol Arapu

Minister of Finance

Copy: Mr. Dorin Drăguțanu

Governor of the National Bank of Moldova

Copy: Mr. Artur Gherman

Chairman of the Administrative Council of the NCFM

Copy: Mr. Igor Corman

Chairman of Parliament of Moldova

Copy: Ms. Liliana Palihovici

Deputy Chairman of Parliament of Moldova

Copy: Mr. Iurie Leancă

Prime Minister of Moldova

Copy: Ms. Natalia Gherman

Deputy Prime Minister of Moldova

Minister of Foreign Affairs and European Integration

Copy: Mr. Oleg Efrim

Minister of Justice

Copy: Mr. Leonid Talmaci

President of the Association of Banks of Moldova

Copy: Ms. Viorica Cărare

Head of Competition Council



Ref: Recent transactions referring to Banca de Economii of Moldova and Chisinau International Airport

20 September 2013

Dear Sir / Madam,

We, on behalf of American Chamber of Commerce in Moldova (AmCham), Foreign Investors Association in Moldova (FIA) and European Business Association in Moldova (EBA) greet you and express to you our highest respect.

Our business associations' members represent the largest portion of foreign direct investments in Moldova as well as a significant part of local businesses. Thus, representing foreign business community and business community at large, we would like to publicly raise our concerns in relation to the recent transactions with Banca de Economii of Moldova (BEM) and Chisinau International Airport (CIA).

Our associations and our members have repeatedly demonstrated that we are meaningful and collaborative partners with the public sector. We promote the efforts to attract new quality investments to Moldova, to introduce new technology and practices, to employ and train our labor force and to generate the economic and financial value-creation to spur Moldovan economy forward. We offer consultation to the legislative process and represent the interests of the private sector on different platforms. We implement programs that actively promote Moldovan products and investment opportunities abroad. Our members effectively contribute to the development of the Moldovan economy, to the implementation of the best international business practices, to promotion of responsible corporate citizenship and to improvement of the overall standard of living for the entire population.

We believe that we all share a common interest in Moldova's economic growth and improvement. We decided to address this letter and take a stand on what happened with BEM and CIA, because, once these transactions remain unnoticed and unchallenged by the general public, business community and donor community, there is a risk that similar convoluted transactions will continue to take place in the future. *This is tremendously important considering a new round of massive privatizations that is expected to take place in the nearest future.*

With no doubt, BEM and CIA represent some of the most strategic objects of Moldovan public property. These objects not only have direct influence on economy, on the current business climate and its future prospects, but also generate strong social and political connotations.

We have significant concerns both about the essence of these two major transactions and the process employed. Without listing technical details and peculiarities of each deal, we consider that many reasonable questions and doubts are raised by the tacit loss of the state control over BEM at a dismal valuation and by the passing of the only Moldovan "gateway to the world" into doubtful private concession for a full generation lifetime (49 years), based on an exaggerated investment target, that is not clear if needed or would ever be fulfilled.

We would also like to reiterate the following:

- Instead of a public privatization of BEM (ideally organized by international consulting company) and attraction of a strategic investor, we witnessed undisclosed transaction with BEM shares that resulted in loss of the state's controlling stake in BEM. Government representatives deliberately initiated a closed issuance of new shares and later on surprisingly decided not to buy them, reducing the state owned stake from almost 56% to almost 33%.
- As regards CIA, we witnessed a closed concession process, quickly and not transparently organized, allowing a single company to submit required set of documents. Surprisingly, having only one set of documents, state officials did not repeat the concession process in order to create open competition of at least 3-4 offers and decided to sign concession contract for 49 years with a single bidder. Also, by adopting special rules of procedure for this concession, the Government has circumvented the general



procedures applicable to all PPP's approved just last year. This circumvention allowed the request for proposal to be secret, not be published in Monitorul Oficial; the bidding period was reduced from 90 days to just 30, making it highly difficult to obtain quality bids from prospective investors.

The way the decisions regarding BEM and CIA were taken raises many concerns about legitimacy, transparency, due process organization, opportunity offering, fair competition, etc.

We firmly believe that an area of critical importance for Moldova is to establish a competitive, attractive and predictable investment and business environment. Unfortunately, these transactions have a strong negative impact on investment attractiveness, discouraging honest investors already present in the country and generating mixed expectations for foreign investors of whether to invest in Moldova or not. The multitude of questionable aspects of such large scale transactions with strategic state property objects considerably undermine and foreshadow any progresses previously registered in enhancement of the Moldovan business environment.

Moldova is a small market, heavily dependent on remittances from abroad and injections of foreign capital. To be more competitive in the international marketplace, and especially in its ability to compete with bigger and much more developed regional neighbors in attraction of foreign investments, Moldova has to become exceedingly transparent and fair in relations with foreign and domestic investors. In this sense, art. 9, par. (3) of the Constitution states that market, free economic initiative and fair competition are key factors for the economy and are fundamental principles of property.

As much as we support EU integration efforts of the Moldovan Government, we also want to see European values and fair rules of the game effectively applied in Moldova. Moldova has been praised for registering significant progress in its external policy, but no less important for business community is its internal policy and actions.

Despite ongoing public discussions about these transactions and ongoing investigation by the Constitutional Court of the concession process of CIA, we see little or no signs of reversal of the situation or Governmental acknowledgement of the seriousness of these issues.

We hope that you will align to our concerns, as some of the foreign diplomats already do. We would appreciate your active involvement in appraising these transactions, raising these issues to the Moldovan Government and calling for increased actions of accountability.

We confirm hereby our availability to support Moldova's efforts at solving the most important problems of its economic and social development.

Thank you for your attention and please accept the assurances of our highest consideration.

Sincerely,

President
AmCham Moldova
Cristina Harea

President
FIA Moldova
Ridha Tekaia

President
EBA Moldova
Silvia Radu