

## Summary of issues encountered by Moldovan companies and EBA Moldova recommendations for the Parliament and the Government the Republic of Moldova aiming to improve business environment

### I. STRENGTHENING THE JUSTICE AND THE RULE OF LAW

- Justice is still selective and politicized, although on a smaller scale than during the captured / oligarchic state regime.
- The phenomenon of corruption is perpetuated in the justice sector and negatively impacts the investment climate and the principle of predictability, being reflected by the fact that certain judges, prosecutors and bailiffs act in collusion with some state authorities and / or private actors, often ignoring the fundamental legal principles, including by infringing the property rights of local and international investors.
- Lack of prioritization policies in the judiciary which leads to the postponement of the urgent cases until the impact of the eventual verdict is of a little practical relevance, or the number of cases of condemnation of the Republic of Moldova by the ECHR on the grounds of violation of procedural terms confirms this aspect.
- Judges are not held liable for intentionally erroneous / biased decisions. Most of the disciplinary procedures against judges are dropped based on procedural considerations and few sanctions applied are being related to minor irregularities, which is not commensurable with the impact produced by the decisions issued by judges.
- The deficient judicial control of the activities of the criminal investigation bodies leads to the irresponsibility of the prosecutors, and the lack of control and penalization of the actions of the bailiffs, to the exceeding of its competences.
- Lack of tools for consistent and sustained training to judges especially in economic and financial market matters (banking and non-banking) or as well as those of major importance implemented currently such as data protection and the use of the information technologies in business.

#### **EBA recommendations:**

- To review the legal framework governing the functioning of the judiciary, prosecutors and bailiffs, in order to establish viable, effective and relevant mechanisms for independent evaluation of their activity (including external) and, respectively, the application of disciplinary measures, which would ensure their actions in the limits of their legal powers.
- To review the civil and criminal procedural legislation in order to clarify the procedural terms and eliminate the “endless” delay of some judicial / administrative procedures and processes.

- To increase the terms of responsibility of judges for judgments found by the ECHR as illegal, so as to correspond to the average term of examination of cases within the ECHR.
- To ensure an adequate and improved qualification process for judges in all areas of law that are important for business, as well as in judicial assessment of economic decisions made by business decision-makers, including with respect to the manner of drafting and content of any and all court decisions.
- To ensure the continuous training and formation of actors in the justice sector in the field of new legal institutions and concepts.

## II. **REDUCE THE WEIGHT OF THE STATE IN BUSINESS ACTIVITIES**

- We note previous hostile take-over attempts facilitated by state authorities and Moldovan courts in the interests of politically affiliated groups, as well as non-compliance with commitments made to European investors under various Investment Agreements to which Moldova is a part.
- Delays in the implementation of the Association Agreement / DCFTA on certain dimensions that have generated a decrease in investment interest towards the Republic of Moldova, thus reducing the opportunities for production and export on the EU market of some products (eg. animal origin products).
- Excessive involvement of the state in business activities, referring both to state-owned corporations and to micro-management by regulatory institutions.

### **EBA recommendations:**

- To ensure independence of Parliament/Government organisations, central and local public authorities, especially those whose activity are heavily impacting business environment (regulators in cross-cutting areas, such as competition, courts and prosecutors, agencies and inspectorates with control functions, such as Environmental Agency and others).
- To remove the bureaucratic barriers to business and align product compliance rules with European and international standards so that economic operators can operate freely and focus on value-added activities, as well as continue to eliminate redundant permissive acts (e.g. certificates of compliance, certificates of health etc.).
- Demonopolization of some economic fields by eliminating state owned enterprises / joint stock companies with the majority stake of the state.
- Qualitative denationalization of state assets by complying with the recommendations of the World Bank, OECD good practices, etc. related to the demonopolization of activities in some industries.
- To analyse the efficiency by independent third parties of the SOEs activity and to improve their corporate governance, with the extension of the private enterprises participation in the boards of directors.

### III. IMPROVEMENT OF THE PUBLIC SERVICE QUALITY

- To accelerate the G2B public services digitalization at the level of the central and local public authorities.
- To update the political process of development of public institutions, determined by the needs of the private sector.
- To ensure the principle of interoperability between various public services and private services, related to the management of information on economic agents and to reduce the reporting burdens and presentation of information already stored in state information resources.
- To ensure the development of lifelong learning programs with accreditation systems for various specialties in the public sector.

### IV. FACILITATION OF THE FOREIGN AND INTERNAL TRADE (IMPLEMENTATION OF AA/DCFTA)

- To eliminate the tariff barriers for goods originating from countries with which the Republic of Moldova has signed free trade agreements (e.g. packaging tax).
- To negotiate the mutual recognition (by the EU) of the Authorized Economic Operator (AEO) status.
- To ensure proper management of the quota distribution mechanism, in particular for imports from the EU.
- To ensure compliance with international competition rules in the internal trade legislation and eliminate the flagrant violations of international free trade commitments, competition rules and the consumer's right to choose (e.g. legal initiative to amend the Internal Trade Law (art. 20<sup>1</sup>)).
- To eliminate the informal control (ensured with the involvement of various public institutions) exercised over certain areas of activity such as export of metals, import of meat, etc.
- To increase the functional capacities and laboratory infrastructure of the National Agency for Food Safety.

### V. TAX AND CUSTOMS POLICIES

- To harmonize the indirect tax framework with the EU one. Specifically, as per the DCFTA, Moldova has to transpose the EU rules in its legislation within the agreed time frame. While some minor changes in the legislation have been made, it is crucial to ensure that all commitments are followed. We consider crucial to undertake measures aimed at harmonizing national tax legislation with the VAT Directive, especially as regards the implementation of mechanisms that exclude ambiguity in the application of tax legislation and eliminate distortions at local and international market level. In this regard, we insist on the following measures:
  - a. Implementation of the reverse charge VAT regime which would result in the elimination of the VAT payment on service imports (VAT deduction being allowed).
  - b. Introduction of VAT taxation on the import of cars with the elimination of excise duties that are currently applied.
- To adjust the fiscal framework with the specific provisions applicable to the entities that keep the accounting records according to IFRS. The current tax system does not take into account the

specific provisions of IFRS. Therefore, those who keep IFRS records sometimes face a higher tax burden, which results exclusively from the lack of special rules in tax law. For example, the implementation of IFRS 9 for banks generated an unreasonable level of costs for the banking system which is not in compliance with EU regulations. It is unreasonable to impose a new provisioning system without allowing banks, which comply with the contractual provisions, to deduct expenses related to the duly and timely implementation of such new systems.

- To align the newly adopted civil law regulations with fiscal and accounting regulations. The lack of correlation between the newly adopted civil code regulations and the tax and accounting regulations must be done immediately. For example, the European term of “branch” was regulated by the Civil Code but NO tax and accounting provisions have been put in place.
- The recommended EU general taxation system (for example corporate income tax rules) should be respected and transposed into the Moldovan regulations (for example, necessary transportation provided to employees should be fully deductible thus encouraging investors to gather workforce from rural areas which otherwise have no employment chances).
- To simplify the fiscal and statistical reporting by reducing the number of reports and their complexity by automated retrieval of data from administrative data sources.
- To combat the illegal trafficking of tobacco, alcohol and oil products and ensure stable budget revenues by gradually increasing the balanced long-term excise duty in the period 2024-2030.
- To ensure predictable budget revenues and fair competition for all businesses, by matching excise duty on cigars with excise duty on cigarettes and implementing the mechanism for forming the minimum price for the retail sale of the respective products.
- To develop the necessary legal framework aiming to ensure the free movement of denatured alcohol free of excise duty, in accordance with European practice, where a zero rate is used for denatured alcohol (COUNCIL DIRECTIVE 92/83/EEC of 19 October 1992 on the harmonization of the structures of excise duties on alcohol and alcoholic beverages), in Moldova being provided excises applied for ethyl alcohol.
- To revise art. 124, point 16 of the Fiscal Code and eliminate the discriminatory wording, which creates the impossibility for companies in the alcohol industry to produce non-food alcoholic products (disinfectants, etc.).
- To amend the Law no. 827 of 18.02.2000 on the republican fund and to the local funds for social support of the population, with the exclusion of art. 4. para. (1) letter c), namely the obligation of monthly transfers of the 2.5% fee by the legal person providing mobile phone services. This surcharge is discriminatory in terms of the technology provided, unfair to persons receiving aid from the above-mentioned funds and who are consumers of mobile phone services and distorts competition in the electronic communications market.
- To regulate the bioethanol circulation by reducing excise duty, which is currently the same size as for alcohol, which stagnates the production of bioethanol fuel. To implement the "Energy Strategy of the Republic of Moldova until 2030" from 05.02.2013, according to which it was forecasted that by 2020 the fuel of biological origin will represent 10% of the total amount of fuel.
- To review the list of used car parts allowed to be imported, to ensure the appropriate level of safety and quality.

- To create tax incentives for private companies to invest in digitalisation, in particular with a view to develop e-commerce.
- To liquidate the patent system and to replace it with tax instruments to support the development of small businesses, especially in trade.

#### **Environmental protection:**

- To abolish the tax for goods that in the process of use cause environmental pollution and introduce of the economic mechanism for the application of EPR by refunding the tax and not by subsidizing only the processors.
- To develop the storage systems related to returnable packaging in the context of the introduction of the EPR principle.
- Introduction of European standards on pollution rules and vehicle safety (Euro5, Euro6, Euro7).

## **VI. DIGITIZATION OF THE ECONOMY**

- To institutionalize a dedicated government team and ensure the necessary capacities to digitize the public and private sectors processes.
- Continue to consolidate the digitization process and reach a higher degree, until the total elimination of physical interaction within the digitized processes / services.
- To promote the draft law on amending over 30 laws and regulations aiming to digitize a number of standard processes (Digitization Package):
  - a. Remote registration of legal entities.
  - b. Modification of the legal framework related to the protection of personal data.
  - c. Clarifying the need to use electronic signatures in different areas of business and economy.
- To recognize in the Republic of Moldova electronic signatures issued by the EU authorities. As per current provisions of Moldovan law only electronic signatures issued by Moldovan authorities are recognized as having legal effects. This will allow non-residents to participate in public tender proceedings / file various documents/ to engage in various legal and / or contractual relationships, without being present in Moldova and without the need to request one locally.
- To approve the amendments to National Bank of Moldova regulations which will allow remote onboarding and respectively to enter into commercial relations with potential new customers of the banks, including through digital mechanisms.
- To harmonize the current legislative provisions, of the documents issued by different authorities (NBM, SIS, SPCBS, etc.) on the part that governs the mechanism applicable by financial institutions for remote identification of potential customers and subsequently updating information for current customers, both individuals as well as legal (non-face-to-face identification) but also to harmonize these requirements with the legislation in the field of data protection. Harmonization of the requirements for microfinance institutions with those applicable to banks.

- To modify the legislation governing the ASP activity, in order to ensure an operation mechanism in the Real Estate Register of the necessary registrations (regarding mortgages/pledges in remote regime without physical presence).
- Digitization of the process of presentation in stores of the various certificates for food products on paper, by creating a digital platform which will offer the possibility to consult all certificates online.
- To urge the launch of the digitization process of some permissive documents related to the ANSA / ANSP system.
- To review the opportunity to regulate digital assets (including CBDC).
- Digitization and facilitation of the electronic documents flow, especially in the tax-accounting field, by optimizing the use of different types of electronic signatures. To allow the acceptance as evidence of the scanned documents transactions, as well as to implement the system of issuing electronic tax receipts.
- Introduction of facilities to stimulate non-cash payments.
- Introduction of fiscal facilities for the reinvestment of the profit remaining at the disposal of the enterprise with the aim of the subsequent investment in the process of digitization of the internal operational processes.

## VII. PERSONAL DATA PROTECTION

The draft laws transposing European legislation on personal data protection (GDPR), drafted back in 2018, on which the EBA community presented consistent recommendations (over 100 proposals) for amendment and adoption in the last Parliamentary reading were not approved. In Q1, 2021 the Parliamentary Commission for national security, defense and public order intended to approve the draft law on data protection (No 422/2018) and draft law on National Center for Personal Data Protection (421/2018) in second reading of the Parliament without any discussions on the respective draft laws with business community.

Following EBA Moldova and the business community demand a Working Group on the improvement of these draft laws was created and a technical meeting was organized on the platform of the Parliamentary Committee. As a result, it was concluded that the Economic Council to the Prime minister will facilitate the hiring of a national expert who will adjust project no. 422 to the recommendations and proposals of the private sector.

However, main risks identify by the private sector are as following:

- Transparency of the CNPDCP activity - inclusion of a certain mechanism for publishing the solutions on the examined cases and of the acts of disposition and regulation, including the standardization and improvement of the administrative practices of the Center related to the application of the GDPR legislation.
- The responsible authority (CNPDCP) presented its position on the business community proposals/comments just for the legal initiative no. 422/2018. The separate examination of the proposals and recommendations submitted regarding the legislative package, makes it impossible to outline the predictability of these legal norms and to clarify the intention of the

authors on several amendments, but also the correspondence of these aspects with the provisions of draft law no. 421/2018;

- Ensuring the expertise for harmonization with European Union legislation of the above-mentioned draft laws, as well as the evaluation of the regulatory framework which will be developed at a later stage.
- Lack of the regulatory impact analysis on the entrepreneurial activity and the opinion of the Government, both being a part of the legal process on legal acts development, approved by Law no 100/2017;
- The draft law no. 422/2018 erroneously regulates the method of personal data processing by public institutions and authorities, establishing disproportionate requirements. It should be mentioned that the draft laws are not connected to the requirements of Regulation 2018/1725;
- Lack of draft legal amendment for secondary legislation, which will implement the respective draft laws.
- The disproportionate obligation by Law no. 133/2011 on data protection to collect the consent of individuals only in written form (handwritten) or electronically (only with electronic signature), without being possible to collect the consent by phone, email and / or via a tick - similar as is done in the practice of the European Union but also of other countries at international level.
- The impossibility to carry out cross-border data transfer to non-EU countries, although Law no. 133/2011 as of 2012 establishes the obligation for the CNPDCP to approve the list of states that ensure an adequate level of data protection and to which the transmission of data is allowed, including the criteria and requirements necessary to be respected. So far, this obligation has not been fulfilled, the operators being repeatedly refused, actions that endanger the economic activity and good development of business processes.
- The impossibility of data operators to connect their business processes to the current legal requirements, especially in the part related to the implementation of GD no. 1123 / 14.12.2010 (apparently obsolete), which provides exaggerated and distorted security measures from a technical and organizational point of view.
- Consequently, it facilitates the block or delay of the digitization and optimal functioning of business processes. The Operator is unable to efficiently and quickly manage his business processes and / or to fulfill his needs / obligations, taking into account that any change in the data processing process must be notified and authorized by the CNPDCP in advance, these procedures being uneven, unpredictable and in some cases disproportionate, which can take 3, 5 but in some cases 12 months. Moreover, for non-execution of these requirements, CNPDCP draws up contravention reports, which are sent to the court, whose examination can take 12 or even 24 months.

Both legal initiatives were approved by the Parliamentary Committee on National Security, Defense and Public Order as a matter of urgency, unjustifiably, without taking into account the recommendations and concerns expressed by the business community.

At the same time, until the adoption of the new draft law on personal data protection, in compliance with the current legal provisions, in order to unblock the current situation regarding the implementation of the legal framework, it is imperative, as a matter of urgency:

- To abolish the GD no 1123/2020.
- To modify the concept of "consent" in art. 3 Law no. 133 / 2011.
- To modify the art. 32 of the Law no. 133 / 2011, by introducing clear criteria for assessing the security of cross-border data transfer.

## **VIII. LABOR RELATIONS (INCLUDING IN THE COVID CONTEXT)**

In 2020 a series of amendments were approved in the Labor Code of the Republic of Moldova aiming to align labor relations to the situation caused by the pandemic, such as work at distance, technical unemployment, etc. Despite the consequences of the pandemic slowly reducing and the company's return to their ordinary activity, amendments operated in the pandemic period remain to be applicable in a post-Covid period.

In this respect, various adjustments need to be operated in the Labor legislation as to reduce the companies' activity costs (labor at distance) and to exclude any inconsistencies and any legal gaps:

- To include a new article related to non-compete clauses in the individual employment contract. It is an essential specific clause required by the market economy. Currently, the implementation / adoption of this clause will contribute to increasing the confidence of potential investors, as well as protecting the ownership of existing businesses.
- To offer the possibility to SMEs to hire employees for an indefinite period. At the moment, micro, small and medium enterprises at the time of founding are afraid to hire employees, on the grounds that they do not know how the business will run over time and how it will be received on the market. The possibility of employment for a determined period within these units will also reduce the number of cases of undeclared work.
- To offer the right of the employer to obtain the necessary information about the candidate, with his prior consent, in order to adopt the decision on his employment.
- Amendment related to the incorporation into the military service, regulation that is currently an impediment to employ young people. The Labor Code stipulates the obligation of the employer to pay compensation for people who suspend their employment contract for the incorporation into the military service.
- To remove the impediment for employers to set the probationary period for employment of certain categories of employees, namely people under the age of 18 and people with disabilities. Prohibiting the probationary period application for these persons no longer presents an additional guarantor for them, but on the contrary, is an impediment to employ these persons without at least having the right to verify their professional aptitude.
- To expand the category of employees who are required to comply with the one-month notice period in case of resignation. Currently only 3 categories of employees are required to meet this deadline - the head of the unit, his deputies and the chief accountant. In fact, the number of

people who can hold key positions in a company can be much higher. We propose that each employer, after consulting the employees' representatives in the company, to be able to determine for themselves on which categories of persons the obligation to notify about resignation 1 month in advance is reflected (similar to the provision of art. 60 of the Labor Code).

- To adjust laws and normative acts subordinated to the law, which regulates the reporting by employers of information on the military status of employees to the Military Commissariats. At the moment, even if the Labor Code no longer requires the employer to request the military booklet / recruit certificate at the conclusion of the individual employment contract, employers still face requests from the Military Commissariats regarding the obligation to report this information, with the risk of application of the fines in case of non-compliance. Additionally, the Labor Code stipulates the obligation of the employer to pay compensation to young people, who suspend their employment contract in order to be incorporated into military service, a provision that has been held since the USSR, when the employer was only the State through state enterprises / institutions.
- To adjust the regulation regarding shift work planning, at the moment the one-month term being practically impossible to respect. We consider the 7-day term regarding shift work planning to be appropriate for both the employer and the employee.
- Provision of overtime work- currently labor law limits the possibility of overtime work compared to EU and ILO regulations (both in terms of procedure and duration). In comparison, according to the provisions of the EU Directive and the ILO Convention, overtime work can be performed an average of 48 hours per week, which is about 420 hours and does not require the involvement of employee representatives in the employee's decision to perform this additional work. In Moldova, however, overtime is limited to only 120 hours and only in certain cases, expressly provided by the Labor Code, and if it is the consensus of both parties - this can take place only after obtaining the consent of employee representatives.
- To regulate in the Labor Code a special regime for management contracts with persons holding senior positions.
- To amend the Labor Code with the scope to limit the possibility to transfer unused holidays from year to year.

## **IX. DEVELOPMENT OF THE HUMAN RESOURCES**

- Modernization of the education system and ensuring a better understanding of the market need currently and in the future.
- To connect the educational programs to the needs of the private sector through a more consistent involvement of the private sector in curriculum development.
- To establish the smart job matching mechanisms.
- Implementation of dual education at all levels, by strengthening cooperation between academia and the private sector; improving and streamlining the internship process.
- To create the upskilling and reskilling workforce programs.

- To streamline the financing mechanism of educational institutions from the state budget by concentrating funds towards the development of educational infrastructure and increasing salaries.
- Fight against corruption in educational institutions by introducing e-exams and encrypted results verification systems.
- To introduce the school curriculum a course to get acquainted with the phenomenon of corruption, the impact on society and ways to combat it.
- The need to impose / oblige the teacher training.
- To ensure the international evaluation and accreditation of educational institutions and teachers.
- To expand the Research and Development Centers involving partnerships between academia and the business community/ foreign donors.
- To update the nomenclature of specialties according to the market requirements and adjust the study process accordingly.
- To stimulate the provision of internships for students by companies, through subsidizing these activities by the state.

## X. STABILITY OF THE FINANCIAL SECTOR

### Financial-banking sector

- **To eliminate significant divergences** between different legal acts related to bank governance, in particular harmonization of the Law no. 202/2017 on banking activity with Law no. 1134/1997 on joint stock companies, on all aspects related to the rights of shareholders and the functioning of the management bodies of a bank. For the banking sector, there must be a single law according to which banks would govern on the corporate governance side.
- **Issues related to anti money laundering legislation. Several significant barriers need to be considered in the ongoing implementation of the current anti money laundering framework, such as:**
  - a. Law no. 308/2017 needs to be adjusted by including clearer provisions on remote identification.
  - b. Revision of the requirements related to the keeping / archiving customers' data and documents (new Law no. 308 of 22.12.2017).
  - c. The Service for the Prevention and Combating of Money Laundering (SPCSB) requires banks to issue specific reports on cash transactions. However, certain data requirements are difficult to meet because they depend on information provided by other international banks that cannot be influenced by local banks, which sometimes leads to the refusal of international transfers by certain banks.
  - d. Streamlining KYC regulations.
- To streamline interaction with bailiffs:
  - a. Implementing an IT solution, which would facilitate the exchange of information between banks and bailiffs

- b. Additional regulation of the activity of bailiffs in order to ensure the uniform application by bailiffs of the normative provisions in force and to standardize the enforcement processes. This need is dictated by the fact that at the moment each bailiff treats differently and individually the normative provisions in force, in this sense being a lack of uniformity, which creates major impediments to the automation of enforcement processes, especially by financial institutions. In addition, bailiffs are increasingly shifting to the financial institutions their obligations to collect information about debtors and their debt, in particular by using the fact that they are exempt from certain payments to obtain any information from financial institutions, and financial institutions do not have any legal mechanisms to limit the amount of information requested by bailiffs.
- To amend the Law no. 291/2016, Law no. 114/2012, of the Criminal Code of the Republic of Moldova with the inclusion of new provisions on gambling, in particular, the prohibition of payment service providers to provide / grant payment services in favor of persons not authorized to organize and carry out gambling activities on the territory of the Republic of Moldova, which is a state monopoly. These changes were adopted without public consultation and without a reliable implementation mechanism and, as a result, placed improper obligations on payment service providers, bringing a high degree of unpredictability in their business.

#### **Insurance sector:**

- To adopt legislation on insurance and reinsurance activity, in strict accordance with the recommendations of international experts.
- To ensure that the audit of insurance companies, for financial purposes and for the purpose of assessing compliance with regulations in the field of anti-money laundering (AML), is performed by internationally recognized audit companies.
- To ensure transparency in the disclosure of indicators on the financial stability of insurance companies. Strict control of the financial stability indicators of insurance companies, in particular related to the long-term solvency and liquidity rate, as well as the quality of assets covering the insurance reserves, in order to avoid any problem of claims payment.
- To accelerate and complete the investigation into fraud related to the embezzlement of BNAA assets and measures to ensure the recovery of those assets.
- To streamline contractual agreements between insurers and policyholders (by eliminating mandatory insurance contracts and limiting the issuance of insurance), stimulating the digitization of insurance products and implementing international practice.

## **XI. INFRASTRUCTURE DEVELOPMENT AND ENSURING ENERGY SECURITY**

- European investors have expressed their interest in developing renewable energy resources in Moldova, but, disappointed by the recurrent delays, have given up investing in Moldova, preferring other destinations that have demonstrated their intention to support green energy more effectively. The predominant schemes are still present in this sector. The energy sector

cannot claim to have been freed from captivity, including energy authorities, state-owned companies and even the Competition Council.

- The tariff mechanism is ongoing and the National Agency for Energy Regulation (ANRE) has already awarded projects totaling the total capacity available for small renewable installations, covering different technologies in the field of renewable energy. However, no capacity was allocated, under the renewable energy tendering mechanism, as the Government did not initiate a tender and did not commit to a renewable energy tender program, accumulating 3 years of delay.

**EBA recommendations:**

- To accelerate energy security, interconnection and diversification of energy sources, as well as ensure transparency in energy procurement and exclude state intervention.
- To ensure access to quality water / sewerage systems throughout the country.
- To modernize the road infrastructure. Given that almost 70% of Moldova's foreign trade is performed with EU countries, it is imperative to connect Moldovan road networks to EU export corridors in order to reduce logistics costs.
- Need to improve rail transport connections across the country in order to increase and diversify freight transport and mobility of people; connecting railway networks with European networks.
- Need to complete the rehabilitation and construction works of the M3 route, as well as to complete and consolidate the railway connection with the Giurgiulesti Port, in order to offer economic operators the possibility to export / import their goods in an efficient and safe way.
- To amend the Land Code in order to grant permission to change the destination of high quality agricultural land in another category of destination for the extraction of useful mineral substances of national importance approved according to the legislation in force, within the mining perimeters.

**XII. IMPROVING ENVIRONMENTAL GOVERNANCE, INCLUDING THE CREATION OF SUSTAINABLE WASTE MANAGEMENT SYSTEMS**

- To develop an overall concept for waste management and environment protection that will consider solid/food/animal wastes' segregation, collection, processing/treatment by clear allocation of roles and responsibilities to the Local Public Authorities, business and citizens.
- To review the current restrictions on legal entities on waste management, given that the state does not provide the necessary tools for the use of waste.
- To ensure legal harmonization of waste processing tools, such as incineration and co-incineration for solid and food / animal waste.
- To create an efficient fiscal / financial system to cover the costs of waste collection and treatment. Accelerate the implementation of the Extended Producer Responsibility principle with a clear segregation of roles and responsibilities, aiming to increase the efficiency of this principle and avoid double taxation.

- To review the working mechanisms for the application of the packaging tax in accordance with the "polluter pays" principle aiming to ensure the same degree of responsibility for the generation of packaging waste between imported and local goods (Law no. 1540/1998 on payment for environmental pollution).
- To amend the Law no. 209 of 29.07.2016 on waste, in order to allow the co-incineration of used tires, by taking over the best practices of the EU and eliminating the further accumulation of tire waste due to lack of viable solutions aiming to solve the accumulated volume every year.
- To ensure proper conditions are respected in the design of the land fields, especially in rural areas. Most of the existing land fields are not properly isolated and built without respecting international rules and safety standards.
- Clear application of GD no. 561/2020 for the approval of the Regulation on packaging and packaging waste, which entered into force on 21.08.2021.
- Introduction of the total embargo on deforestation in the Republic of Moldova. The country's afforestation share is less than 11%, the European average being 32%. It is necessary to prohibit by law the manufacture of wooden packaging / timber originating in the Republic of Moldova, and the import to be certified based on European standards, so as to stop the illicit trade and smuggling of unauthorized wooden packaging.

**To: Diplomatic Missions accredited in the Republic of Moldova  
Development Partners of the Republic of Moldova**

**Your Excellency,**

The European Business Association (EBA Moldova) has the honor to express its highest consideration and would like to present for your attention the key priorities identified by the business community aiming to ensure a more enabling business environment and economic development of the Republic of Moldova.

We would like to underline that EBA Moldova is a business association (union of legal persons), established by 10 local and international companies. EBA Moldova activates under the auspices of the European Union Delegation to Moldova, being at the same time member of the EBO WWN (European Business Organisation World Wide Network), which operates under the European Commission DG Growth <http://eba.md/>.

EBA Moldova was founded in 2011 and currently represents the interests of over 90 international and local companies operating in the Republic of Moldova, with the key objective to harmonize the national legal and regulatory framework to the rigors of the European Union. EBA facilitates the improvement of the investment climate in Moldova, so that it becomes an attractive one, offering the best international practices to support the development of international and domestic business.

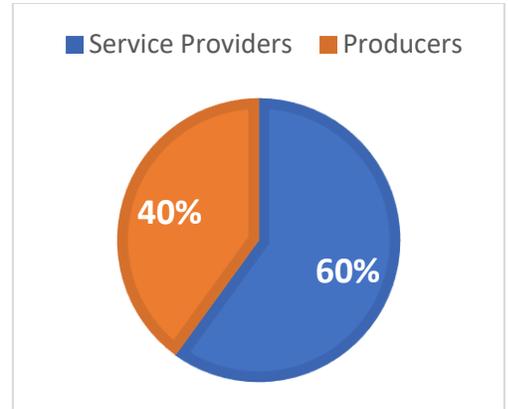
In this respect, EBA Moldova has continuously contributed to the process of modernization and optimization of public policies, which led to the amendment of the custom, tax, labour, education legislations as well as amendment of a set of laws related to the external trade. EBA Moldova is actively involved in the practical implementation of AA / DCFTA, ensuring the adjustment of the national legal framework, as well as practices in various areas of the economy. We would like to reiterate that annually EBA produces over 50 position papers for various legal initiatives, which are actively discussed with public sector partners and which are promoted in a proportion of about 40%, thus generating significant benefits for business and sustainable economic development. The more detailed information on the actions implemented by EBA Moldova, their results and impact can be founded here: <https://eba.md/rom/pages/raporturi-anuale>.

#### **EBA Moldova Management**

Honorary EBA President: the Ambassador of the European Union Delegation to the Republic of Moldova  
EBA Board President: Laszlo Diosi, Chairman of the Management Committee of Mobiasbanca – OTP Group  
EBA Board Vicepresident: Jose Luis Gomez Pascual, Country Manager at Premier Energy Moldova

#### **EBA Board Members**

László Diósi, MobiasBanca - OTP Group  
Jose Luis Gomez Pascual, Premier Energy Distribution  
Mathias von Tucher, Danube Logistics  
Dona Gabriela Rapciuga, Kaufland Moldova  
Constantin Barbaros, Metro Cash & Carry Moldova  
Alexandru Gozun, PwC Moldova  
Marian Chirtoaca, MDC & Partners  
Aurelia Salicov, Starnet  
Viorelia Levinski, Sudzucker Moldova  
Alexandru Turcan, Turcan Cazac Law Firm  
Diana Neagu, Vernon David Law Firm



In the hope of an efficient and fruitful collaboration as well as for your following bilateral discussions with the state institutions, please find attached the key priorities for the development of the country, identified by the international and local companies.

In the spirit of the excellent bilateral collaboration and positive impact on the business environment in Moldova, please accept the assurances of my highest consideration.

*Best regards,*

**Mariana RUFA,**  
Executive Director  
European Business Association Moldova