DCFTA BUSINESS CLIMATE UPDATES

An overview and an assessment of implementation of reforms from the prospective of the European business representatives (investors) based on provisions of the EU-Republic of Moldova Association Agreement including the Deep and Comprehensive Free Trade Area (AA/DCFTA)

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The European Business Association (EBA) welcomes and upholds the endeavours of state institutions aimed at **enhancing the Republic of Moldova's competitiveness in light of its accession to the European Union (EU)**, and highlights certain sensitive areas to be improved in order to ensure sustainable economic growth.

Against this background, it shall be pointed out that recently, the EBA has launched a large-scale exercise among its members to collect the business community opinions and suggestions focused on certain areas of interest, namely:

- **Enhancing competitiveness and sustainability of the Moldovan economy;**
- **Seizing opportunities of the Republic of Moldova's European integration;**
- **Lowering the barriers and tackling challenges related to this process.**

The Republic of Moldova's accession process to the EU represents a strategic priority, being concurrently an important advantage and catalyst for business community development and for securing sustainable economic growth. Such an opportunity makes Moldova more attractive to local and foreign investors. Nevertheless, some countries in the region, such as Montenegro and North Macedonia, as well as countries in North Africa, such as Tunisia, are increasingly becoming destinations for expansion investments by European multinational companies. This is largely due to the fact that the governments of these countries have introduced a more attractive range of investment incentives and support instruments capable of attracting investors.

At the same time, it is essential to **ensure public transparency in terms of Growth Plan implementation and the management of funds allocated to this end**. This aspect assumes even greater importance since the Plan covers investments in the infrastructure of various economic sectors, involving the organisation of public tenders for such projects.

Another important concern deals with **clear and open communication on negotiating positions** and the need to set up transition periods, where feasible and reasonable, in the process of aligning the national legislation with the acquis communautaire. In certain cases, neither the business community nor the public institutions are full-fledged for implementing new regulations. In this context, the EU accession process has to be predictable and coherent, accompanied by an efficient communication and consultation system with the business community. At the same time, it must be upheld by government and/or development partners' programmes aimed to facilitate compliance and partially compensate the costs associated with the adjustment to new requirements.

Ensuring a predictable and coherent EU accession process – Implementing the accession programme triggers the need to conduct an in-depth review of how the European requirements are to be taken up. Against this background, it is worth mentioning that the EU Directives offer some flexibility to Member States by keeping their right to decide on certain aspects related to the implementation modality, but also the possibility to negotiate derogations for certain sensitive areas. However, it is important that any requests for derogations be consulted with and coordinated with the business community in a transparent and inclusive manner.

The harmonised framework shall be implemented in strict **consultation with the business community, having granted it a reasonable timeframe** between the publication of new or amended provisions and their enactment, so that the impact of new amendments is fully understood.

Owing to this exercise, a clear picture of systemic challenges and needs has been outlined, which affects both the business stability and development, and which largely can be grouped as follows:

1. Pursuing the reforms initiated in the **justice sector** to ensure investment competitiveness and European integration. So far, the justice system independence, effectiveness, and transparency are indeed critical vulnerabilities that require solutions.

2. **Extending Justice Reform to Related Legal Professions.** Justice reform cannot be considered complete as long as it is limited to the courts and the prosecution service. The reform should also extend to related legal professions—bailiffs, insolvency administrators, and forensic experts—which exercise public authority functions or issue acts with significant legal effects and, in some cases, directly influence the functioning of the justice system as well as the business climate. Gaps in the regulatory framework and asymmetries in the mechanisms governing the administration, self-governance, and oversight of these professionals create risks of abuse, undermine legal certainty, and affect the credibility of judicial acts. We consider it necessary to strengthen the role of the Ministry of Justice in overseeing these professions and to review the applicable regulatory framework. The specific issues related to these professions have previously been brought to the attention of the Government by EBA and can be further addressed through a dedicated institutional dialogue.

3. **Ensuring High-Quality and Sustainable Harmonisation with the European Union Acquis.** The harmonisation process continues to advance at a pace that often exceeds the institutional capacity to develop high-quality regulations. We increasingly observe legislative acts that are insufficiently conceptualised, poorly aligned with the existing legal framework, insufficiently grounded in national economic and administrative realities, and difficult to implement in practice. At the same time, in certain cases, a formalistic approach to the harmonisation process can be observed, whereby compliance with the transposition timetable sometimes takes precedence over the objectives of regulatory quality, legal certainty, and predictability for the business community. Such an approach results in a fragmented and incoherent regulatory framework, the costs of which will ultimately be borne by public authorities, businesses, and citizens alike. We consider it essential that the harmonisation process be guided by the quality of regulation rather than solely by the speed of transposition. Draft legislative acts must be rigorously substantiated, properly conceptualised, systematically structured, and aligned both with national legislation and with the economic and institutional realities they are intended to regulate. Particular attention should be paid to the initial drafting stage, as experience demonstrates that conceptual deficiencies present in the initial version are rarely fully remedied during the endorsement and public consultation processes.

4. **Continuing the process of deregulation, de-bureaucratisation, and digitalisation of public services**, with an increased focus on improving customs clearance procedures, standardisation and certification processes, including through the identification of high-performing laboratories and the appropriate training of public officials in line with EU-level requirements. At the same time, **structural reforms should be implemented to foster economic growth, with a particular focus on companies operating in the services sector, as well as through supporting and incentivising production and increasing value added across all sectors**, especially those in which investment is already developing, such as automotive, light industry, agro-industrial production, and livestock farming. This is essential for broadening the tax base and **<u>ensuring sustainable economic growth within a sustainable economic development paradigm.</u>**

5. **Strengthening interinstitutional coordination in cross-sectoral areas.** A distinct category of challenges is represented by cross-sectoral areas involving shared competencies among several central public authorities and requiring effective coordination both in policy development and in the drafting of legislative acts. In practice, such issues frequently remain unresolved, being successively transferred between authorities, with each institution considering that primary responsibility lies with another authority. In the

absence of clear mechanisms for coordination and institutional ownership, these issues may remain unresolved for years, while economic operators continue to bear the legal risks and costs generated by regulatory uncertainty. Relevant examples include the failure to approve rules on permissible technological losses of petroleum products for tax and customs purposes, as well as the absence of a coherent legislative and practical solution concerning the legal regime applicable to waste generated by vessels engaged in international traffic and subsequently received at the ports of the Republic of Moldova. In both cases, the interdisciplinary nature of the issues has resulted in a generalised lack of action by the relevant authorities and hindered institutional dialogue aimed at identifying a solution.

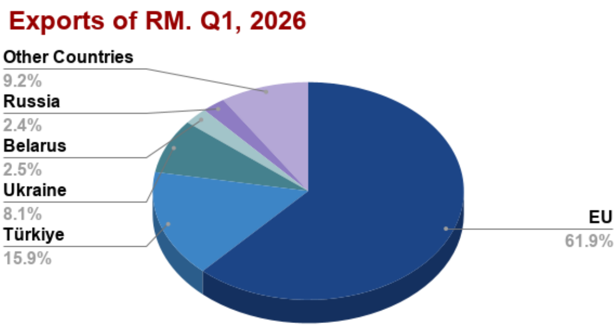
Effective interinstitutional coordination mechanisms should therefore be established for cross-sectoral projects and issues, including the designation of a coordinating authority at Government level and the establishment of mandatory deadlines for identifying and advancing common regulatory solutions.

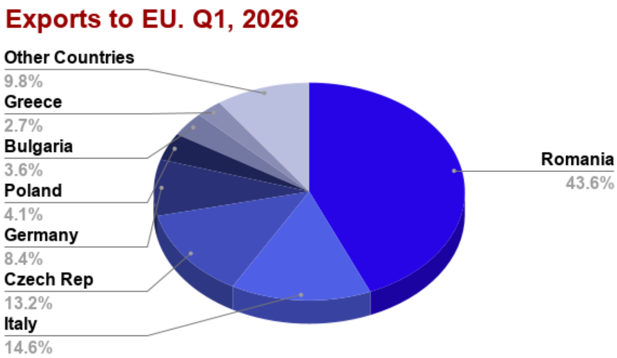
6. **The privatisation of state-owned enterprises through the attraction of credible European and international investors** would help ensure a secure and transparent process, while also making a substantial contribution to the expected economic growth.
7. Implementing structural reforms with a significant impact on the **labour market and strengthening the education and vocational training system in line with market requirements.** These efforts are intended to address challenges related to the shortage of qualified personnel, the migration of specialists, difficulties in attracting and retaining employees, as well as procedures related to attracting foreign nationals to the labour market of the Republic of Moldova.
8. **The development of the financial sector and capital market remains an undisputed priority,** as these are indispensable elements for attracting investment, diversifying financing mechanisms, and strengthening the insurance market to support the long-term economic development of the Republic of Moldova.
9. Ensuring predictability of the **fiscal policy** framework and its harmonisation with the requirements and conditions established by EU legislation, eliminating existing inequities, including those related to unfair competition, and rethinking the taxation of investments also represent areas of significant interest.
10. Implementing measures aimed to support the development of the **energy and renewable sector**, and to improve environmental policy.

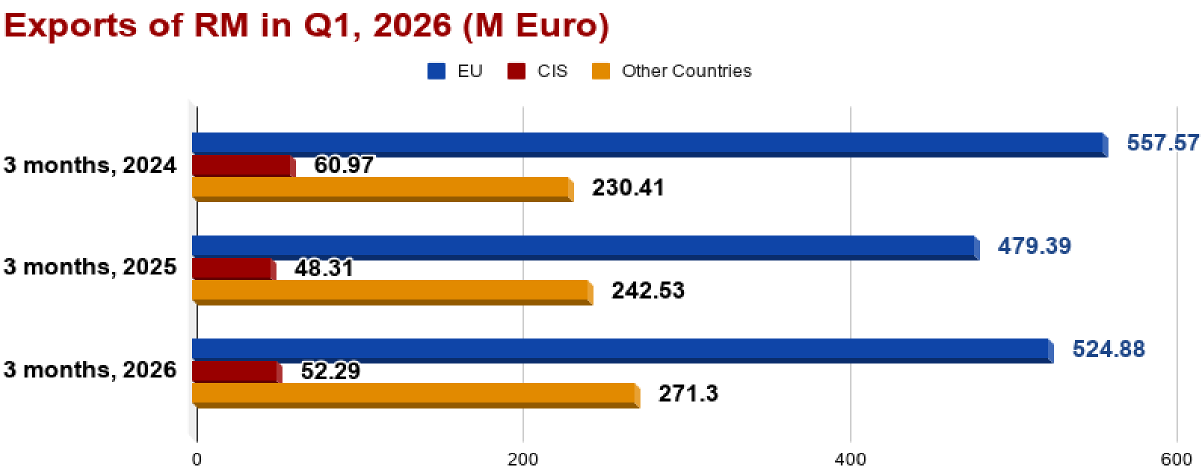
Below are several policy proposals aimed at supporting sustainable economic development, stemming from some of the priorities outlined above.

MACROECONOMIC INDICATORS. I Quarter, 2026 -

- Compared to Q1 of 2025, **Gross Domestic Product** (GDP) increased by 0.4%.
- The **annual inflation rate** (March 2026 compared to March 2025) stood at 5.8%.
- The **public debt** reached 142.6 billion MDL (7.1 billion EUR), representing a 16% increase compared to Q1, 2025. Domestic public debt amounted to 56.1 billion MDL (2.79 billion EUR), increasing by 20%, while external public debt stood at 86.5 billion MDL (4.31 billion EUR), up by 13.5%.
- In January–March 2026, **exports** amounted to 848.48 million EUR, increasing by 10.16% compared to the same period of 2025. Exports to the EU totalled 524.88 million EUR, an increase of 9.5%, accounting for 61.86% of the Republic of Moldova's total exports.
- The value of **imports** increased by 1.43% in January–March 2026, reaching 2,453.13 million EUR. Imports from the EU amounted to 1,386.29 million EUR, increasing by 2.85% and accounting for 56.51% of the Republic of Moldova's total imports.
- **Average monthly gross** salary increased by 9.7%, reaching 15,987 MDL (798 EUR).
- **Industrial production** increased by 5.9% compared to the same period of 2025, driven by growth in manufacturing (+4.9%) and energy production (+11.5%).
- **Agricultural production** increased by 8.5% compared to the same period of the previous year, reaching approximately 2.5 billion MDL (124.5 million EUR). Compared to the previous year, livestock production increased by 8.8%, while crop production decreased by 7%.
- **Foreign direct investments** recorded net capital inflows of 43.7 million EUR, 2.4 times higher than in Q1, 2025. Investors from EU countries accounted for the largest share, at 85.8%, while investors from other countries accounted for 14.2%. The main foreign investors in Moldova originate from Cyprus, the Netherlands, Romania, France, Bulgaria, Austria, the United Kingdom, and other countries.







1. KEY PRIORITIES FOR FISCAL POLICY PREDICTABILITY AND INVESTMENT PROMOTION

A predictable, fair, and competitive tax framework is one of the key factors influencing investment decisions and the overall development of the business environment. In the context of the Republic of Moldova's accession to the European Union, the harmonisation of tax legislation should be carried out in line with the principles of the EU acquis, while safeguarding the competitiveness of the national economy and avoiding disproportionate administrative or fiscal burdens on businesses. At the same time, existing tax distortions should be eliminated, and the tax system should be designed to encourage investment, innovation, and the development of private capital.

Priorities:

- Transpose the EU VAT Directive, with particular emphasis on harmonising the VAT refund mechanism.
- Eliminate discriminatory tax treatment affecting investments and investment income.
- Reintroduce the concept of capital gains taxation for legal entities and redesign the applicable taxation framework, while establishing appropriate transitional periods and assisted compliance mechanisms for the implementation of EU legislation.
- Continue the digitalisation of tax administration and further reduce the administrative burden on businesses.
- Promote a permanent and predictable dialogue between public authorities and the business community.
- Enhance the transparency and efficiency of public procurement by implementing European best practices, including the mandatory use of electronic trading platforms for a minimum proportion of public procurement procedures for goods, with a view to aligning the national legal framework with the EU acquis.

1.1. Fiscal and Regulatory Predictability for Investment

Frequent changes to the fiscal and regulatory framework—including taxes, excise duties, reporting obligations, compliance requirements, and implementation deadlines—undermine companies' ability to plan investments, manage operational costs, and maintain their competitiveness over the medium and long term.

Priorities:

- Establish a multiannual fiscal and regulatory calendar, based on meaningful and timely consultation with the business community.
- Conduct comprehensive economic impact assessments for all new fiscal and regulatory measures and provide reasonable transition periods of at least 6–12 months for any changes affecting production, distribution, trade, pricing, or reporting obligations.
- Announce major fiscal policy changes well in advance, in accordance with the principle of predictability, to enable businesses to incorporate them into their financial planning. A gradual implementation approach will provide companies with sufficient time to adapt and ensure effective compliance with the new legal framework.

1.2. Conceptual Review of the Initial Draft of the 2027 Fiscal and Customs Policy

The central element of the proposed fiscal policy for the forthcoming period, as reflected in the draft Law amending certain normative acts on the simplification of tax and customs legislation (Fiscal and Customs Policy for 2027), is the proposed increase in taxes and duties. Such an approach would place significant pressure on both the business community and citizens. EBA considers that strengthening budget revenues should primarily be achieved through more effective utilisation of the existing tax base, with particular emphasis on identifying and combating tax evasion, improving voluntary tax compliance, and reviewing inefficient tax exemptions and preferential tax regimes. A predictable tax framework, without increases in tax rates, makes voluntary compliance the most rational long-term economic choice. Fully leveraging the existing tax base is therefore essential not only for ensuring fiscal sustainability, but also for meeting the requirements arising from the Republic of Moldova's EU accession process.

Priorities:

- Maintain the current corporate income tax rates, while placing greater emphasis on fully utilising the existing tax base. <u>The initially proposed amendments would significantly increase the tax burden on corporate profits—by approximately 25%.</u> Moldova's corporate taxation policy should remain competitive, including in comparison with EU Member States. Across the EU, the lowest standard corporate income tax rates are applied in Hungary (9%), Bulgaria (10%), and Ireland (12.5%). In addition, Estonia and Latvia apply a 0% dividend tax under systems where corporate income is taxed only upon profit distribution, while Malta applies a 0% rate and Bulgaria and Greece apply a 5% dividend tax.

- Reconsider the proposed removal of VAT exemptions and reduced VAT rates. The proposed amendments would generate immediate adverse effects, including inflationary pressures throughout the economy, reduced purchasing power, and slower economic growth.
  The current VAT treatment applicable to medicines, natural gas supplies, and electricity and thermal energy supplied for residential purposes should therefore be maintained. Furthermore, <u>the VAT regime applicable to agriculture should be revised by introducing a uniform 8% reduced VAT rate throughout the entire agri-food value chain</u>.

- Maintain the reduced social insurance contribution regime for employers and employees in the agricultural sector. Eliminating the existing preferential regime would neither stimulate agricultural development nor encourage the creation of new businesses.
  It would fail to reduce the informal economy while negatively affecting both budget revenues and employment. The agricultural sector is characterised by structurally lower labour productivity and profit margins than the national average, with labour costs representing a substantial share of production costs and limited capacity to absorb additional fiscal burdens. Several EU Member States, including Poland, France, and Spain, apply special social contribution regimes for agriculture, recognising the sector's specific characteristics and supporting rural employment. Maintaining the reduced contribution rate therefore represents an effective instrument for supporting the resilience and competitiveness of the agricultural sector in the context of multiple ongoing crises.

- Maintain the existing social insurance contribution regime for foreign-invested companies and their foreign employees. The current framework established under Article 20 of Law No. 81/2004 should be preserved in order to avoid the double social cost burden and disproportionate increases in employment costs for foreign employees who remain covered by the social protection systems of their home countries. These employees generally work in Moldova on a temporary basis and continue contributing to the social security systems of their country of residence. Requiring employers to pay additional social insurance contributions in Moldova, despite the absence of a genuine link to the Moldovan social security system and the fact that such employees will not benefit from its long-term entitlements, would undermine the principles of fiscal and social fairness and significantly reduce the country's investment attractiveness.

- Maintain the current tax treatment of employer-paid health, life, accident, disability, and critical illness insurance premiums provided for the benefit of employees. Such premiums should continue not to constitute taxable income for employees, while the related expenses should remain deductible up to the statutory annual ceiling, equivalent to one average monthly salary. This measure represents an effective fiscal and social policy instrument, contributing to greater financial and social protection, reducing households' vulnerability to major health-related risks, and promoting a culture of prevention and personal responsibility.

- Introduce new excise duties in a phased and predictable manner. Consistent with the principle of fiscal predictability, the proposal to introduce excise duties on sugar-sweetened and artificially sweetened carbonated beverages fails to take into account companies' approved budgets and the implementation timetable for the SDA. The proposed measure places entire product categories at significant commercial risk. EBA therefore recommends a phased implementation to allow sufficient time for market adaptation and to avoid disruptive effects on consumers.

1.3. Reforming the Taxation and Control Framework for Vehicle Imports

The vehicle fleet of the Republic of Moldova is among the oldest in Europe, while the current structure of vehicle imports further exacerbates this situation. On the one hand, there is a substantial inflow of "total loss" vehicles purchased through auctions in the United States, which are often subject to superficial repairs and subsequently registered without proper verification of their structural integrity or safety systems, thereby posing significant risks to consumers. On the other hand, imports of low-cost vehicles from China through grey-market channels have increased considerably. These vehicles frequently lack EU type approval, authorised servicing networks, manufacturer warranties, and readily available spare parts. Both trends distort competition to the detriment of authorised dealers, reduce customs revenues through the undervaluation of imported vehicles, and undermine road safety.

Priorities:

- Introduce mandatory verification of vehicle history at customs clearance, using recognised international databases (e.g. Carfax, AutoCheck and EUCARIS), require the

registration of the "total loss" status in the State Register, and make vehicle registration conditional upon a certified technical inspection.
- Transpose Regulation (EU) 2018/858, ensuring that new vehicles may be placed on the Moldovan market only if they hold EU type approval and are supported by an authorised service network and manufacturer's warranty, irrespective of their country of origin.
- Restructure vehicle excise duties in accordance with the "polluter pays" principle, taking into account CO_2 emissions and the applicable Euro emission standard.
- Strengthen measures to combat customs undervaluation by using reference prices from recognised international vehicle auction platforms for customs valuation purposes.
- Establish a predictable implementation timetable over a period of three to five years, including appropriate transitional arrangements to enable businesses and consumers to adapt to the new regulatory framework.

The proposed measures support the transposition of the EU acquis on vehicle type approval, road safety, vehicle emissions, and consumer protection. They also contribute to the implementation of the EU–Moldova Association Agreement and promote fair competition as a prerequisite for developing an automotive market compatible with the European Single Market.

1.4. Enhancing Access to Finance

Limited access to finance remains one of the principal barriers to business development, particularly for small and medium-sized enterprises (SMEs), constraining their capacity to invest, innovate, and expand their operations. Strengthening the availability of financing instruments and improving the effectiveness of existing support programmes are therefore essential to ensure that a greater number of companies can access the financial resources required for sustainable growth.

Priorities:

- Maximise the utilisation of financing agreements with key international financial partners, including the EU, EBRD, EIB, WB and other development partners, by ensuring the effective provision of financial support to the business community.
- Review and enhance existing business support programmes to expand their coverage and enable a larger number of companies to benefit from institutional support schemes.
- Reassess state support programmes with limited scale and economic impact, with a view to increasing their effectiveness, improving resource allocation, and ensuring that they contribute more meaningfully to the development and competitiveness of the national economy.

2. KEY PRIORITIES IN ENERGY SECTOR

Energy security remains one of the most critical strategic challenges facing the Republic of Moldova. Addressing this challenge requires continued reforms and targeted measures to reduce exposure to vulnerabilities in the energy market while strengthening long-term resilience. At the same time, high energy costs have negatively affected inflation, purchasing power, industrial competitiveness, and overall economic stability.

To strengthen energy security, accelerate market integration, and facilitate private investment, the following priority actions are proposed:

1. **Strengthen Energy Security through EU Market Integration and Diversified Energy Supply.** Complete interconnections with Romania, diversify energy imports and strengthen electricity and gas transmission and distribution networks to improve security of supply and accelerate integration into the European energy market.
2. **Accelerate Investment in Electricity Networks, Renewable Generation, Baseload, Peaking Capacity and System Flexibility.** Promote investment in electricity networks, renewable generation, baseload and peaking power plants, energy storage and grid flexibility through stable, bankable and predictable regulatory frameworks.
3. **Complete Electricity and Gas Market Liberalisation.** Accelerate market liberalisation by fostering competition, reducing Energocom's dominant market role and attracting international energy companies to improve market efficiency and consumer choice.
4. **Enhance Governance and Regulatory Predictability.** Increase transparency, regulatory certainty and merit-based governance to improve the performance of public energy institutions, strengthen investor confidence and attract long-term private capital.

Proposed implementation actions:

Energy security

- Complete the development of new electricity interconnections with Romania, enabling full market coupling and integration into the European electricity market;
- Increase grid flexibility to facilitate the integration of renewable generation, battery storage systems, demand-side flexibility and emerging technologies such as hydrogen;
- Diversify gas and petroleum supply sources to eliminate dependence on a single supplier and strengthen security of supply.

Energy generation and renewable sources

- Promote reliable, affordable and low-carbon electricity generation through bankable, competitive and transparent support mechanisms, under a predictable regulatory framework;
- Accelerate the deployment of renewable energy resources, including solar, wind and biomass;
- Organise transparent, competitive and bankable international tenders for renewable generation and grid flexibility services, including storage and balancing capacity.

Energy markets and prices

- Right-size and redefine the role of the state-owned company Energocom, reducing its dominant market position and ensuring a level playing field that enables effective competition and proper market functioning;
- Encourage the entry of international energy companies to increase competition, introduce advanced technologies, strengthen corporate governance and attract transparent private capital.
- Implementation of a *passporting licence* mechanism for the recognition of natural gas trading licences issued by EU Member States, with a view to facilitating market access for European operators in the Republic of Moldova and aligning the national regulatory framework with European best practices.

- Introduction of a *Gas Release Program* (GRP), as recommended by the Energy Community for the Republic of Moldova, with a view to increasing liquidity and competitiveness in the natural gas market, diversifying sources of supply, and reducing dependence on a limited number of suppliers.

Governance and regulation
- Strengthen transparency, predictability and stakeholder engagement by ANRE and the Ministry of Energy through: timely public consultations with reasonable discussion periods, publication of justified responses to stakeholders' comments, development of regulatory guidelines and implementation manuals to ensure consistent interpretation of legislation;
- Avoid the creation or maintenance of state monopolies that distort competition, discourage innovation and reduce market efficiency;
- Introduce Key Performance Indicators (KPIs) and performance-based incentives for state-owned energy companies;
- Implement efficiency and cost-optimisation programmes for public energy institutions and companies, including Moldelectrica, Termoelectrica, ANRE and CNED;
- Promote merit-based appointments and professional management across the energy sector, ensuring that senior management positions are filled based on competence rather than political affiliation;
- Privatising Red Nord and Furnizare Nord companies through transparent international tenders to attract qualified global operators.

3. KEY PRIORITIES RELATED TO FINANCIAL MARKET

3.1. Banking sector

The banking sector plays an essential role in supporting investment, facilitating access to finance, and strengthening the competitiveness of the Republic of Moldova's economy. The priorities proposed by the business community focus on aligning the regulatory framework with European Union standards, optimising prudential requirements, eliminating legislative barriers that limit the efficiency of financing, developing the leasing market, and digitalising financial services.

Priorities:
- Reviewing capital requirements for the banking sector and aligning them with EU requirements. Optimising the capital allocated to cover credit exposures. This measure would reduce the cost of funding for businesses and individuals and enhance the competitiveness of businesses when accessing EU markets;
- Repealing the NBM's prudential provisioning regulations. Maintaining only the approach to the classification and measurement of financial instruments under IFRS 9, with the same objective of capital optimisation and alignment with EU practices;
- Liberalising salary payments in state institutions through Mpay;
- Accelerating the issuance of energy performance certificates for residential buildings;
- Aligning the recovery process for banks' in-house leasing operations with the regulations applicable to leasing companies. This would allow the leased asset to be repossessed upon the occurrence of payment arrears (days past due—DPD), unlike the current bank recovery process, under which the bank can obtain possession of the leased asset only on the basis of a court decision;
- Extending the eligibility of agricultural leasing for subsidies, in line with the treatment applicable to loans.

3.2. Capital market

A modern and functional capital market is indispensable for attracting investment, diversifying financing mechanisms, and supporting the long-term economic development of the Republic of Moldova. The priorities identified by the business community aim to modernise capital market infrastructure, liberalise investment flows, and align the regulatory framework with European best practices in order to stimulate both domestic and international investment.

Priorities:

- Developing the secondary bond market by establishing an efficient trading framework and ensuring transparency for investors;
- Liberalising capital flows by facilitating cross-border investment, including both domestic investment in foreign markets and foreign investment in the Republic of Moldova;
- Extending the maturity of government securities issuances to promote market stability and provide greater diversification of investment portfolios;
- Issuing Eurobonds as an instrument for diversifying financing sources and integrating into international capital markets;
- Developing the investment funds sector as an alternative financing and investment instrument;
- Implementing modern and flexible capital market instruments applicable across all economic sectors, such as squeeze-out mechanisms and share buyback programmes, to support corporate governance and market dynamism;
- Ensuring the commercial functionality of repo transactions and expanding the access of non-bank financial institutions to primary dealer programmes for government securities, with a view to strengthening liquidity and developing capital market infrastructure.

3.3. Private pension funds

The development of the private pension funds sector is important for diversifying long-term savings, strengthening the financial security of the population, and developing the capital market of the Republic of Moldova. The identified priorities aim to adjust the regulatory framework to ensure a more flexible, proportionate, and competitive management framework for private pension funds, in line with European practices. These measures would contribute to attracting participants, stimulating long-term investment, and establishing a sustainable private pension sector.

Priorities:

- Reviewing the primary and secondary national regulations governing the role of the Depositary (custodian bank), particularly with regard to the obligation to maintain the register of fund units. The new regulations should provide multiple options for maintaining the register, allowing fund administrators to select solutions proportionate to the size and complexity of their operations;
- Clarifying the requirements concerning the maintenance of minimum share capital, allowing the fund administrator’s own capital to be used flexibly once it has been fully paid in;
- Adjusting investment thresholds for ETFs by increasing the 10% limit, particularly during the initial stages, to allow for greater diversification of equity portfolios;
- Simplifying the operational framework for occupational pension funds so that multiple employers can contribute to the same occupational pension fund.

3.4. Agricultural insurance

The effective functioning of the agricultural insurance system depends on a predictable subsidy mechanism with clear application and payment deadlines. The absence of a calendar for launching calls for subsidy applications creates uncertainty for farmers and insurance companies, affecting the compensation process and reducing the effectiveness of agricultural risk management instruments.

Priorities:

- Undertaking state-level reforms and conducting an advanced study on agricultural risk management, based on an analysis of insurable production risks and international best practices, including those of France and Austria;
- Expanding financial literacy and risk management education programmes in rural areas to improve farmers' capacity to manage risks;
- Strengthening the existing agricultural insurance system as the primary instrument for protecting farmers;
- Optimising subsidy mechanisms by improving farmers' access to information on available subsidies and the procedures for benefiting from them;
- Developing a culture of responsibility among farmers based on greater awareness of climate risks and the adoption of preventive measures, supported by public policies that encourage investment in protection and adaptation technologies.

4. KEY PRIORITIES FOR TRADE FACILITATION

In the context of European integration and the facilitation of trade with the European Union (EU), the National Food Safety Agency (ANSA) of the Republic of Moldova plays a critical role. It is therefore imperative that the necessary funding and financial resources be allocated to enable the Republic of Moldova to fully leverage ANSA's role and responsibilities in this process. The fundamental economic growth benefit of Moldova's integration into the EU lies in achieving full alignment with EU standards, thereby opening access to new markets and simplifying border procedures.

Priorities:

- **Legislative and institutional harmonisation:** Rapid transposition of more than 260 legislative acts in the sanitary, veterinary, and phytosanitary (SPS) fields in line with EU accession criteria;
- **Reforming the product authorisation framework:** The current product authorisation system in the Republic of Moldova requires mandatory certificates of conformity, creating trade barriers and administrative costs, unlike the EU regime. It is proposed to review the regulatory framework by eliminating mandatory certification requirements and introducing a model based on manufacturers' self-declarations, market surveillance, and risk-based ex-post controls;
- **Digitalisation of public services:** Full automation of certification processes and integration of ANSA platforms with the corresponding European systems;
- **Priority controls for authorised operators:** Implementing expedited and simplified customs clearance procedures at Border Inspection Posts (BIPs), such as Leușeni, for companies holding Authorised Economic Operator (AEO) status;
- **Expanding the list of products authorised for export:** Strengthening control systems to obtain authorisation to export new categories of products of animal origin, such as fresh

poultry meat—which has already been authorised for the entire territory of the Republic of Moldova—and pork;

- **Modernising the network of reference laboratories:** Improving technical testing and certification capacities to verify the safety of agri-food products and comply with the requirements of the European Single Market;
- **Structural reorganisation and oversight of European market niches:** Establishing new specialised subdivisions, such as a Directorate for Organic Agriculture, to monitor value chains with high export potential;
- **Risk management and elimination of prohibited substances:** Strict market surveillance to ensure the absence of pesticide residues prohibited in the EU, such as glyphosate and mancozeb, thereby providing Moldovan exporters with a competitive advantage.

5. KEY PRIORITIES FOR THE AGRICULTURAL AND MEAT PRODUCTION SECTOR

5.1. Expanding access for the agri-food sector to european funds and pre-accession instruments

Priorities:

- Ensuring priority access for the agri-food sector to European funds and pre-accession instruments;
- Financing investments in farm modernisation, processing capacity development, animal welfare, biosecurity, digitalisation, and energy efficiency;
- Ensuring access to these programmes for both small and medium-sized enterprises and large companies that generate added value and contribute to the development of agri-food value chains.

5.2. Agricultural risk management

Priorities:

- Undertaking state-level reforms and conducting an advanced study on agricultural risk management, based on an analysis of insurable production risks and international best practices, including those of France and Austria;
- Expanding financial literacy and risk management education programmes in rural areas to improve farmers’ capacity to manage risks;
- Strengthening the existing agricultural insurance system as the primary instrument for protecting farmers;
- Optimising subsidy mechanisms by improving farmers’ access to information on available subsidy mechanisms and the procedures for benefiting from them;
- Developing a culture of responsibility among farmers based on greater awareness of climate risks and the adoption of preventive measures, supported by public policies that encourage investment in protection and adaptation technologies.

5.3. Ensuring a transition period for the gradual implementation of european standards in the livestock sector

Priorities:

- Negotiating transition periods of 10–15 years for the implementation of European standards with a significant investment impact;
- Phased implementation of requirements related to animal welfare, environmental protection, production standards, and mandatory farm investments;

- Aligning the implementation timetable with the availability of financing instruments and investment support mechanisms.

5.4. Strengthening the national framework for the prevention, control, and compensation of African swine fever (ASF)

Effective prevention and control of African Swine Fever require a coordinated national approach aimed at reducing the risk of virus transmission between wild fauna and commercial pig farms.

Priorities:

- Developing and implementing a national wild boar population management programme in areas with high epidemiological risk, in accordance with the recommendations of the European Union and the World Organisation for Animal Health (WOAH);
- Strengthening the veterinary surveillance system, intensifying cooperation among the competent authorities, and ensuring the resources necessary to prevent and control the disease in wildlife and household holdings;
- Establishing a permanent and predictable mechanism for the rapid assessment of losses, payment of compensation within clearly defined deadlines, and financing the restocking of affected farms;
- Ensuring the effective management of culled animals and contaminated feed, as well as implementing effective disease control measures to reduce epidemiological risks and protect food security.

6. KEY PRIORITIES IN TELECOMMUNICATIONS AND DIGITAL SERVICES

Telecommunications and digital services should be treated as critical infrastructure for economic competitiveness, European integration, and the digital transformation of the Republic of Moldova. In the context of the European Union accession process, the regulatory framework should stimulate investment, innovation, the digitalisation of public services, and the development of the digital economy, while ensuring predictability, proportionality, and meaningful consultation with the business community.

6.1. Digitalisation of public services through the recognition of electronic documents

In international commercial relations, most companies use simple or advanced electronic signatures, such as DocuSign and Adobe Sign. However, such documents face difficulties when dealing with public authorities in the Republic of Moldova.

Priorities:

- Amending Law No. 124/2022 on electronic identification and trust services;
- Applying the principle that electronic documents cannot be rejected solely because they are not signed with a qualified electronic signature;
- Accelerating interoperability between the State’s digital systems;
- Fully implementing the “once-only” principle, whereby companies provide data only once and such data can subsequently be reused between institutions.

6.2. Unified digital business registry

Businesses are required to use multiple electronic systems that lack interoperability, resulting in significant costs and administrative burdens. A unified platform for reporting and authorisation is therefore needed.

Priorities:

- Implementing a Unified Reporting and Permits Registry within the companies' "Personal Cabinet";
- Integrating the e-Invoice, MPass, MSign, MPower, MConnect, and MEV systems;
- Introducing a fully integrated digital company file;
- Automating the renewal of licences, certificates, and authorisations.

6.3. Stimulating investment in digital infrastructure

Telecommunications operators face increasingly complex investment and compliance requirements, including Cell Broadcast, eCall, NG-eCall, 112 over VoLTE, cybersecurity requirements, and the implementation of European digital legislation. The implementation of the Roam Like at Home (RLAH) principle alone, within approximately two months compared with the nearly decade-long transition period granted to EU Member States, required significant investments by operators in the Republic of Moldova and an unprecedented operational effort, which cannot be absorbed without affecting their financial sustainability.

Priorities:

- Reducing the costs of radio frequency usage licences;
- Allowing licences to be paid in instalments over their validity period;
- Applying the principle of proportionality to new obligations imposed on operators;
- Establishing cost-recovery mechanisms for obligations implemented in the public interest;
- Providing preferential financing for long-term investments in fibre-optic infrastructure, data centres, cloud infrastructure, and next-generation networks;
- Simplifying procedures for obtaining urban planning certificates;
- Aligning the conditions applicable outside built-up areas with those applicable within the built-up areas of small localities;
- Prioritising projects that support the digitalisation of public services, education, and the local economy.

6.4. Developing the digital economy and e-commerce

Priorities:

- Facilitating market access for global platforms such as PayPal, Revolut, and Stripe;
- Establishing proportionate regulations for payment service providers;
- Adapting the legislative framework on e-invoicing to the requirements of the digital economy;
- Interconnecting e-Invoice systems with MConnect and companies' ERP systems;
- Identifying and promoting digital services that can accelerate the development of e-commerce;
- Establishing a regulatory sandbox for fintech;
- Testing innovative digital services before large-scale implementation;
- Facilitating the development of digital payment and electronic identity solutions;
- Supporting start-ups and local innovation.

7. KEY PRIORITIES FOR THE GREEN TRANSITION

7.1. Ensuring transparency and representativeness in the governance of the Deposit Return System (DRS)

The effective functioning of the Deposit Return System (DRS) depends on a transparent, balanced, and representative governance model that ensures the involvement of all economic stakeholders in the decision-making process. Fair representation of the private sector will strengthen confidence in the system and contribute to its sustainable and efficient implementation.

Priorities:

- Ensuring the fair representation of all categories of economic operators within the governance structures of the DRS;
- Establishing transparent and participatory decision-making mechanisms concerning the administration and development of the system;
- Strengthening dialogue between public authorities and the private sector in the operation and further development of the DRS.

7.2. Ensuring a clear, proportionate, and predictable framework for the application of environmental payments and taxes

The effective application of environmental payments and taxes requires a clear, predictable legislative framework aligned with European Union principles, providing legal certainty and ensuring the proportionate use of environmental economic instruments. Such a framework will contribute to achieving environmental objectives while maintaining a favourable investment climate.

Priorities:

- Reviewing the legislative framework governing environmental payments and taxes to clarify applicable rules and tax obligations;
- Ensuring the proportionate application of environmental economic instruments, in line with European Union principles and practices;
- Creating a predictable fiscal framework that reduces legal uncertainty and supports investment.

7.3. The need for communication and coordination in the context of CBAM implementation

The implementation of the Carbon Border Adjustment Mechanism (CBAM) requires effective coordination among the responsible institutions and continuous dialogue with the business community in order to facilitate alignment with European Union requirements and limit the impact on the competitiveness of the economy.

Priorities:

- Clarifying institutional responsibilities for the implementation of CBAM and related policies;
- Establishing a permanent mechanism for interinstitutional coordination and dialogue with the business community;
- Developing an implementation plan with clear deadlines, responsibilities, and measures to ensure compliance with European Union requirements;
- Ensuring a framework that protects the competitiveness of the economic sector and encourages investment in decarbonisation and renewable energy.

8. KEY PRIORITIES FOR IMPLEMENTING STRUCTURAL REFORMS WITH AN IMPACT ON THE LABOUR MARKET

The labour market of the Republic of Moldova is facing major structural challenges driven by labour shortages, the migration of skilled professionals, demographic changes, and the rapid transformation of the economy. These trends, compounded by difficulties in attracting and retaining employees, undermine the competitiveness of enterprises and their capacity to support investment and economic growth.

At the same time, the European integration process and the emergence of new forms of work highlight the need to deregulate and modernise the regulatory framework, including procedures related to the entry and employment of foreign workers, while ensuring national security. There is also a need to modernise the regulatory framework governing employment relations and labour inspections, as well as to better align the education system and employment policies with the actual needs of the labour market.

Priorities:
- Modernising the Labour Code and ensuring the balanced implementation of EU directives;
- Simplifying procedures related to the registration and employment of foreign nationals and imported labour in the Republic of Moldova;
- Increasing the flexibility of employment relations and reducing the administrative burden on employers;
- Developing platform-based work within a competitive regulatory framework;
- Simplifying procedures for the employment of foreign workers;
- Strengthening dual education and aligning skills with the needs of the economy;
- Implementing measures to reduce the informal economy and promote formal employment;
- Strengthening the capacities of the State Labour Inspectorate and adopting effective measures to combat undeclared work and informal employment.