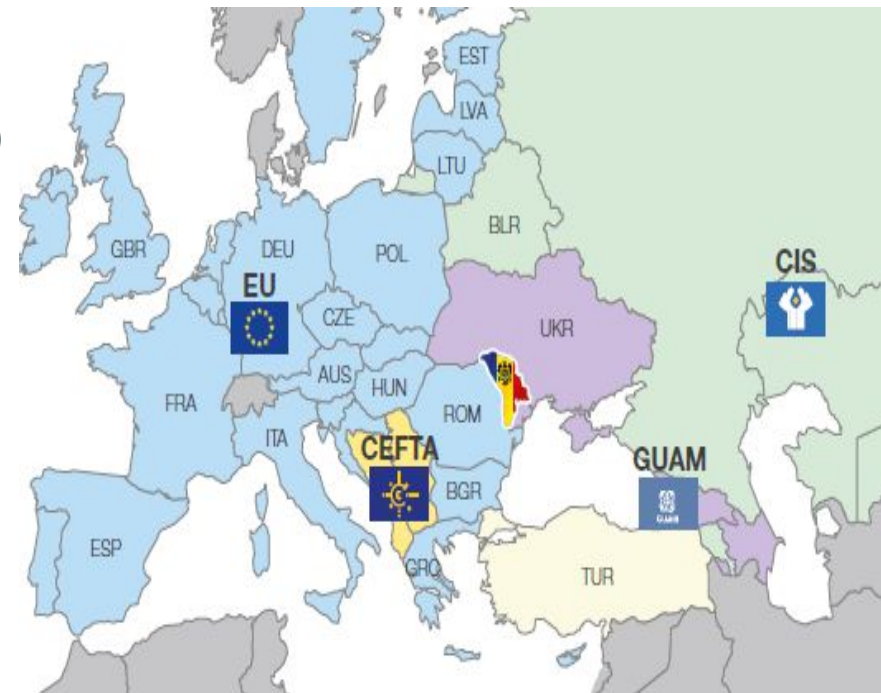


THE REPUBLIC OF MOLDOVA – YOUR BRIDGE TO WEST AND EAST



THE REPUBLIC OF MOLDOVA – OPEN ECONOMY

-  **European Union – Moldova Association Agreement**
-  **Deep and Comprehensive Free Trade Area Agreement (DCFTA)**
-  **Free Trade Agreement with Turkey**
-  **Member of the Community of Independent States (CIS)**
-  **Member of the World Trade Organization (WTO)**
-  **Member of CEFTA**
-  ***Under negotiation FTA with PR of China***



MOLDOVAN TRADE STRUCTURE – 2017 (January-November)

Where Moldova's exports go

Moldova's exports to TOP 10 trading partners

Total volume of Moldovan exports
2,192.1 mln. USD



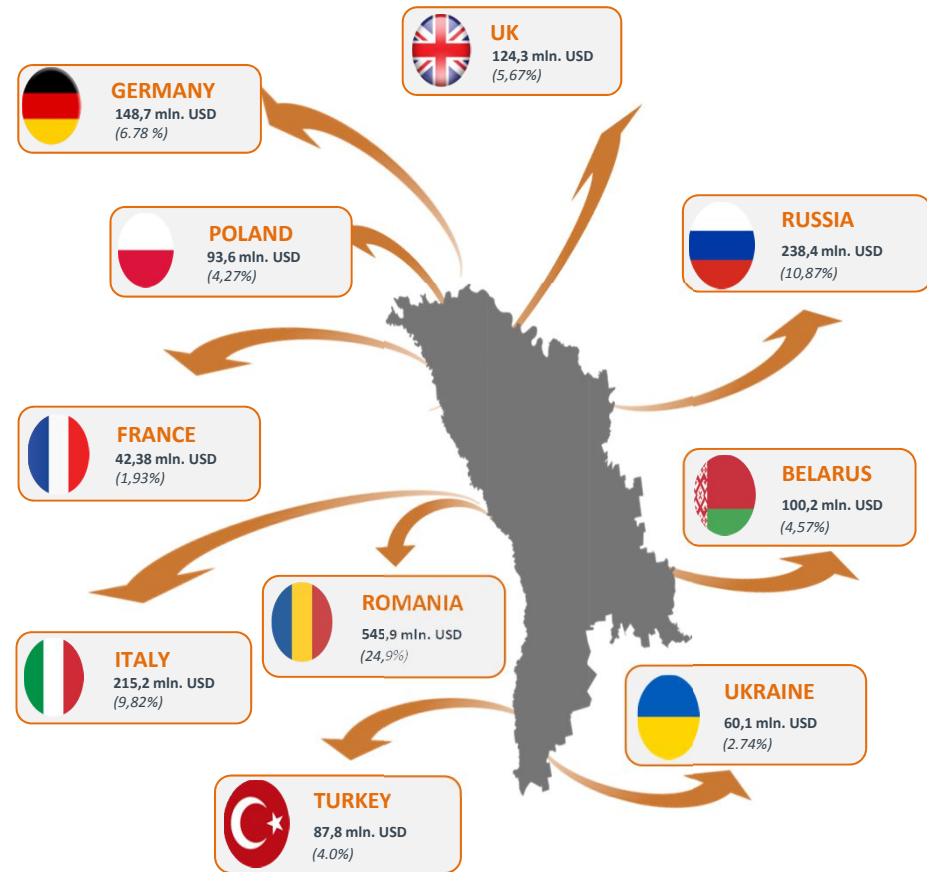
European Union

1,439.7 mln. USD (65,7%)



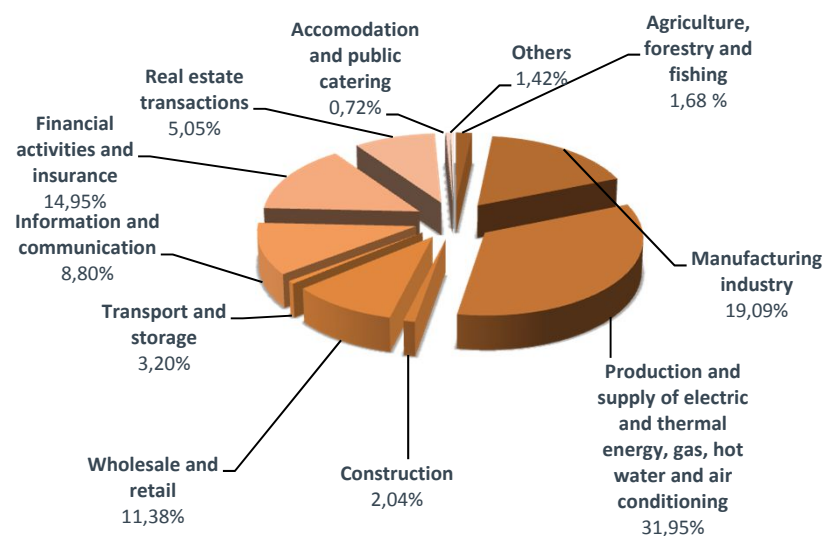
Commonwealth
of Independent States

427.7 mln. USD (19,5%)



FOREIGN DIRECT INVESTMENTS – OVERVIEW

Foreign Direct Investments by TOP group of goods (first 9 months) – 2017 (stock)



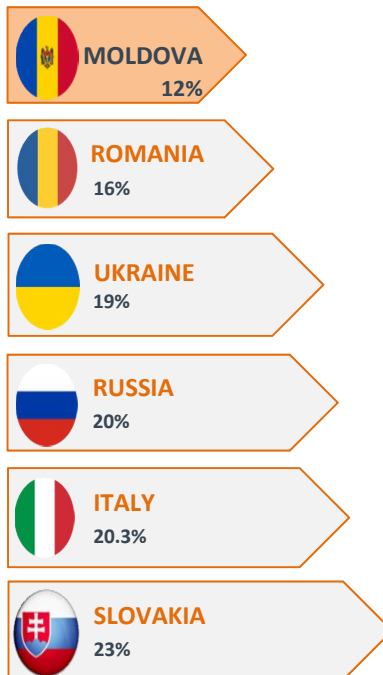
Source: National Bank of Moldova

Foreign Direct Investments by TOP group of countries (first 9 months) – 2017 (stock)

1	RUSSIA	– 818,23 mln. USD
2	THE NETHERLANDS	– 421,80 mln. USD
3	CYPRUS	– 317,44 mln. USD
4	SPAIN	– 286,87 mln. USD
5	FRANCE	– 261,68 mln. USD
6	ITALY	– 169,16 mln. USD
7	ROMANIA	– 181,93 mln. USD
8	GERMANY	– 145,33 mln. USD
9	GREAT BRITAIN	– 58,25 mln. USD
10	SWITZERLAND	– 49,79 mln. USD

INVESTMENT FRIENDLY FISCAL SYSTEM

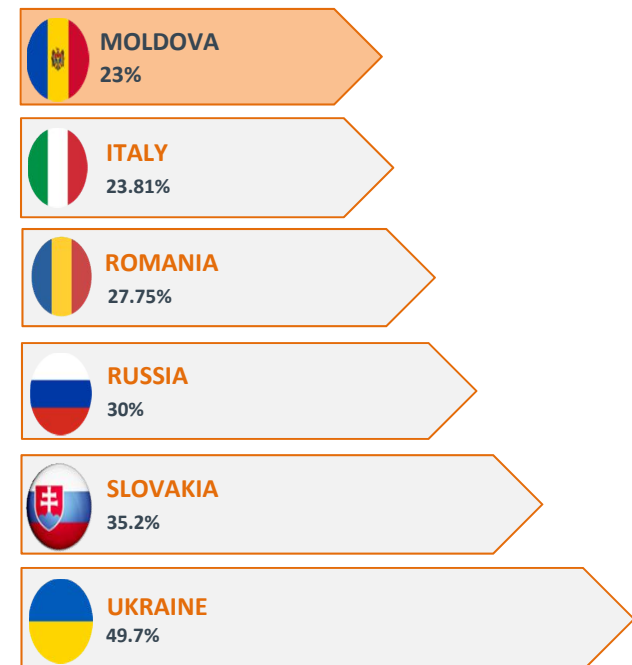
Corporate Income Tax



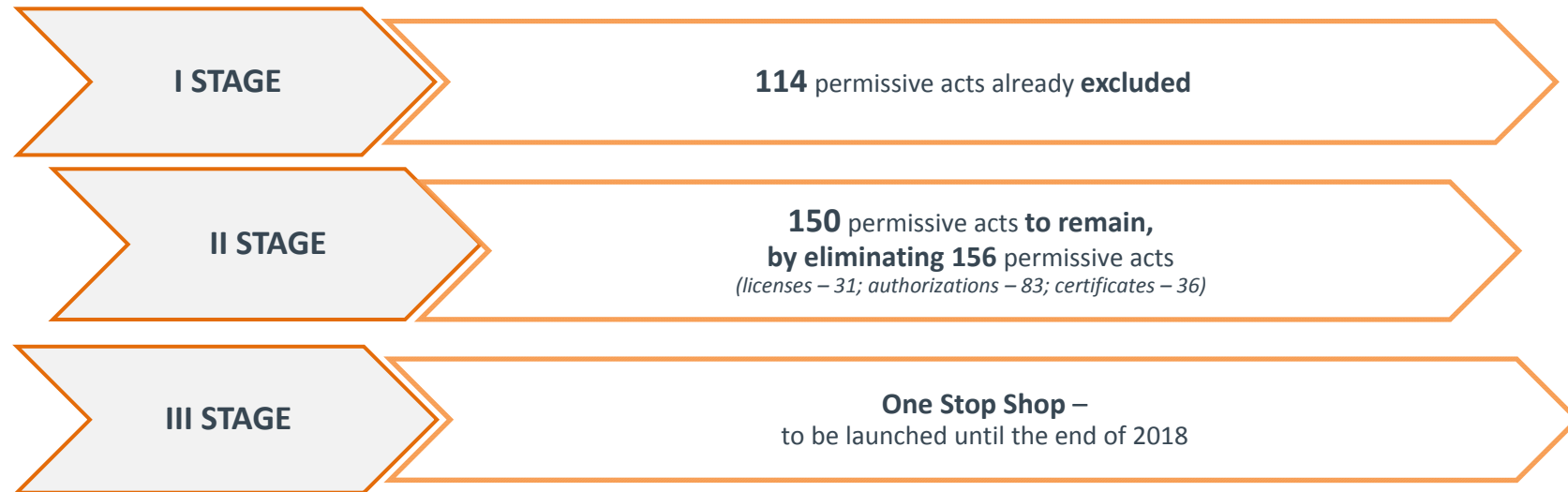
Value Added Tax



Social Insurance Contributions



REGULATORY REFORM 2016 – 2017



MOLDOVAN CITIZENSHIP THROUGH INVESTMENTS (GOLDEN VISA PACKAGE)

ELIGIBLE INVESTMENTS

(according to the Law Nr. 1024 of 02.06.2000 on the citizenship of the Republic of Moldova)

Contribution to the **Public Investment Fund for the Sustainable Development Fund of the Republic of Moldova**

✓ minimum investment of 100 000 EUR

Investment in **strategic development areas** of the Republic of Moldova:

✓ minimum investment of 250 000 EUR

- the **development of the real estate sector** by purchasing and holding, for an uninterrupted period of at least 60 months, one or more real estate with a total market value of at least 250 000 EUR at the time of investment;
- the **development of the public financial sector and public investment sector** by purchasing and maintaining the state securities issued for this purpose for a period of at least 60 months, worth at least 250 000 EUR.

REFORM OF THE STATE CONTROL

INSTITUTIONAL REFORM –

optimizing the number of institutions with control functions to **13 control bodies**

PROCEDURAL REFORM –

minimum documents, maximum transparency and rights for entrepreneurs:

- ✓ schedule control for a calendar year
- ✓ limiting unannounced control
- ✓ planned state controls with advisory role for the first 3 years after registration
- ✓ the possibility of applying the measures

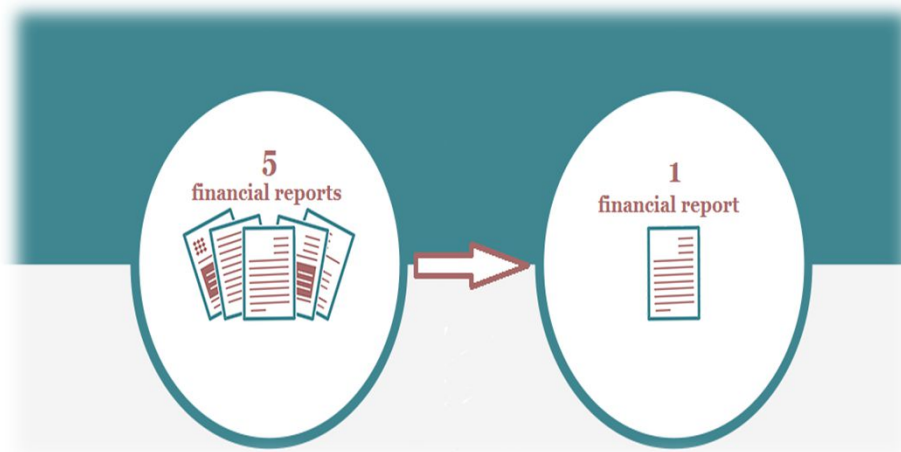
DIGITALIZATION OF CONTROL PROCESSES –

Unique State Register of Controls, transparency and predictability of the inspector's actions



FINANCIAL REPORTING REFORM

Single Reporting Platform



- **removing duplicate data** and **lowering reporting** volume by **approx. 40%**
- **reducing the time** and **cost** of drafting and reporting to public authorities
- the interaction of economic agents with a **single public authority**
- **concentrating the data** as well as establishing a **unique reporting and payment period** (day 25/ monthly)
- **combating** the phenomenon of "**wages in the envelope**"

(The State Tax Inspectorate, the National Social Insurance House, the National Insurance Company in Medicine and the National Bureau of Statistics)

JOB SUBSIDY REGULATION

Purpose: to stimulate businesses for job creation

Beneficiary - any legal entity practicing entrepreneurial activity in the Republic of Moldova.

The amount of the subsidy for a job created - 40 thousand lei for 2018.

The authority responsible for job creation subsidy - Ministry of Finance

JOB SUBSIDY REGULATION

Eligibility

has an increase in the number of employees at least 100 persons



the average monthly salary at the enterprise for newly employed persons is not less than 75% of the average monthly wage in the economy



has no debt to pay taxes and fees to the national state budget



assume the obligation to maintain, for a period of at least 3 years, the number of employees and the average monthly salary per enterprise

Impact

stimulation of investments and economic growth



increase payments to the consolidated budget



empowering employers to attract available workforce and create new jobs



initiative to fight against salaries in the envelope



reducing tax evasion

INVESTMENT CLIMATE

EASE OF DOING BUSINESS MOLDOVA – 2018

The Republic of Moldova is ranked
44 out of 190
countries in
the Doing Business 2017 ranking
( **3 positions**)



Starting a Business – ranked 23  **21**

Construction Permits – ranked 165 

Getting Electricity – ranked 80  **7**

Registering Property – ranked 20  **1**

Getting Credit – ranked 42  **10**

Protecting Minority
Investors – ranked 33  **10**

Paying Taxes – ranked 32  **1**

Trading Across
Borders – ranked 35 

Enforcing Contracts – ranked 62 

Resolving Insolvency – ranked 65 **5**

Source: Doing Business 2017

BUSINESS CLIMATE

Global Competitiveness Index 2017 – 2018

The Republic of Moldova is ranked
89 out of 137
countries in
the Global Competitiveness Index ranking
(11 positions up)



“This year’s the most improved Eurasian economy started from a low base: Moldova moves up 11 places to 89th”

Source: Global Competitiveness Report 2017 – 2018

Global Location Trends 2017

The Republic of Moldova is ranked
6
as top destination country by estimated jobs per
million inhabitants
(*exceeding Ireland, UAE, Hungary, Czech Republic*)



“Moldova is the newest emerging investment destination”

Source: Global Location Trends 2017

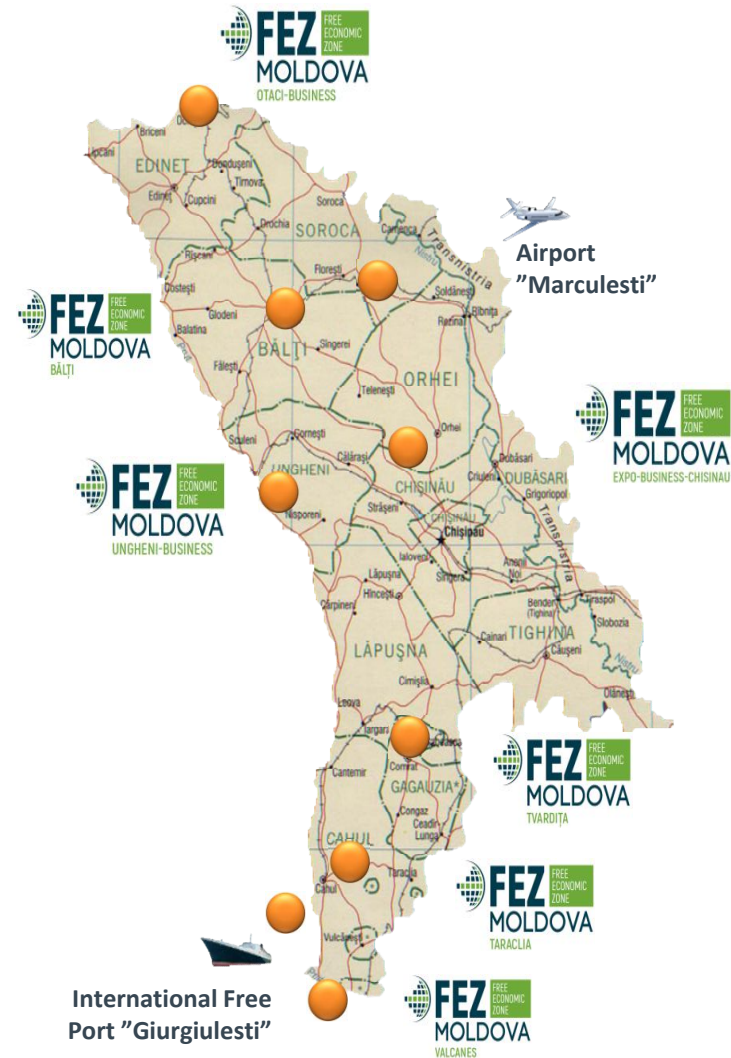
INCENTIVES

50% of national corporate income tax

3 and 5 years income tax exemption
if investing 1 and 5 million USD

VAT and excise duties exemption

10 years state warranty if changing the
legislation



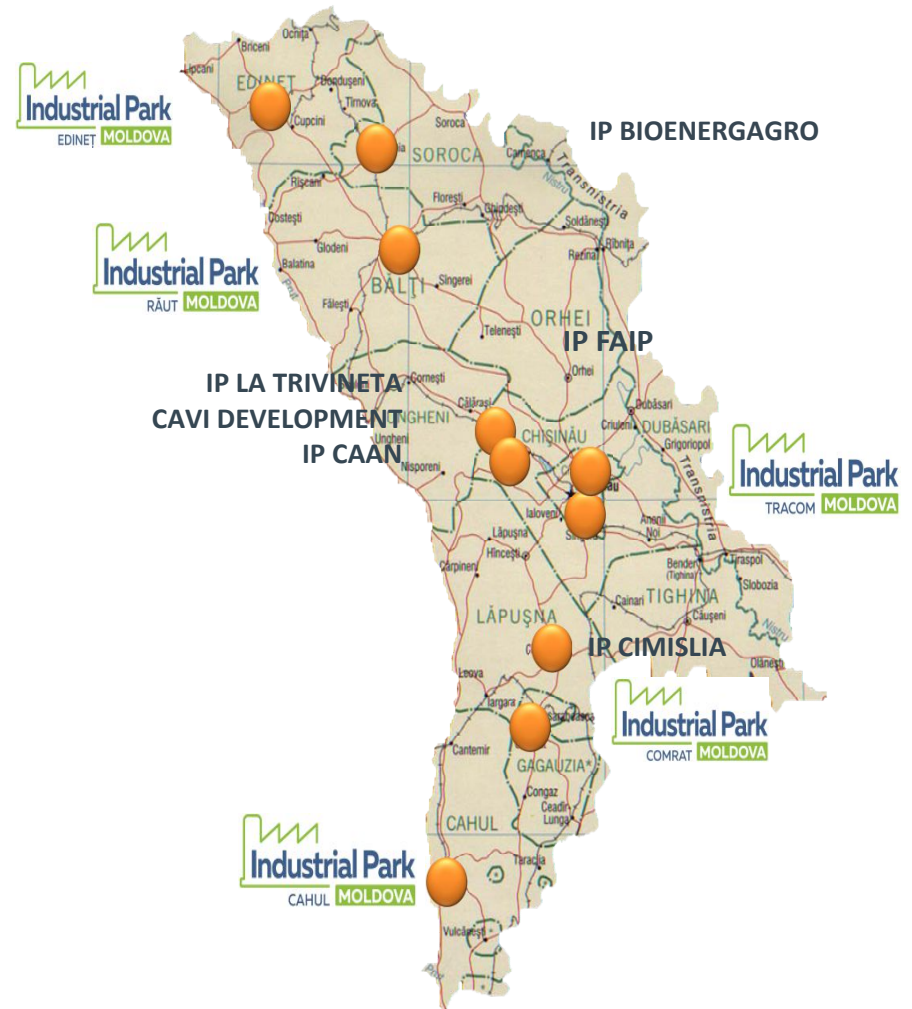
INCENTIVES

changing the destination of agricultural land is for free

the right to privatize the state-owned land for construction at normative price

free allocation of public property assets to create parks at owner's decision

decreasing up to 70% the annual fee regarding land lease or space rent



MOLDOVAN COMPETITIVENESS – INVESTMENT AND EXPORT POTENTIAL

Agriculture and Food Processing Sector



Viticulture and Wine



Fruits and Vegetables



Walnut Growth and Sorting



Cereal Crops



Sugar Production



Organic Farming









Oleaginous Plants



- **¾ of the country's area – agricultural land**, 72% is arable land;
- **fertile soil** – ¾ arable lands are chernozem (among the most fertile in the world);
- **diffuse sector** – many small farmers;
- **consolidation** – great opportunities for investors;
- specialization in **agricultural niche products** and **the food industry** (nuts, dried fruit, fresh fruit, wine sector, etc.).

MOLDOVAN COMPETITIVENESS – INVESTMENT AND EXPORT POTENTIAL

Textile, Apparel, Footwear and Leather Industry

	Textile
	Apparel
	Leather
	Accessories
	Footwear
	Carpets



- Moldovan manufacturers are cooperating for many years with **renowned foreign brands** – both fashionable and mass market brands. Companies from Italy, Germany, Netherlands, France, Austria, Belgium, and Great Britain produce here.
- The reason: Moldova offers a **high level of quality production** and a **high speed in command processing**.

MOLDOVAN COMPETITIVENESS – INVESTMENT AND EXPORT POTENTIAL

Automotive and Machine Building Sector



Cable Assemblies and Wiring
Harnesses



Carpets/ Rugs



Electronic Components and
Systems



Foams/ Felts



Rubber Components



Injection/ Molded parts



Fastening systems (seatbelts)



Car seat covers, trim



Success Stories

- **Lear Corporation** (seating/ trim) – 1st plant in 2010
- **Draexlmaier Automotive** (wiring harnesses) – 1st plant in 2007, 2nd plant in 2011, 3rd plant in 2017, 4rd plant planned for 2018
- **Gebauer & Griller** (cables) – 1st plant in 2012, 2nd plant in 2017
- **Leoni** (wiring harnesses) – local subcontractor since 2010
- **Fujikura Automotive** (wiring harnesses) – 1st plant in 2016, 2nd plant planned for 2018
- **SEBN Sumitomo Electric Bordnetze** (wiring harnesses) – 1st plant in 2017
- **Coroplast Fritz Mueller** (wiring harnesses, molding injection) – 1st plant in 2017

MOLDOVAN COMPETITIVENESS – INVESTMENT AND EXPORT POTENTIAL

Information and Communications Technology Sector

- sector with a **very rapid development**;
- high penetration of **fixed telephony** (33%);
- high penetration of **mobile telephony**; **3 operators**; **3G & 4G**;
- high penetration of **cable TV**;
- **broadband Internet** and **IP TV** – growing areas (no. 15 in the world);
- **high speed loading data** – nr. 6 in the world;
- **qualified human resources** – incentive for IT companies.



MOLDOVAN COMPETITIVENESS – INVESTMENT AND EXPORT POTENTIAL

Information and Communications Technology Sector

INFORMATION TECHNOLOGY PARKS IN THE REPUBLIC OF MOLDOVA

(according to the Law Nr. 77 of 21.04.2016 on the Information Technology Parks)

Unique Tax Charged by residents of IT Parks

7% of the sales income*

(*includes: income tax on entrepreneurial activity, income tax on salary, compulsory state social security contributions due by employees and employers, compulsory health insurance premiums due by employees and employers, local taxes, the real estate tax and the tax for the use for roads by vehicles registered in the Republic of Moldova)

Eligible activities in the Information Technology Parks

customized software development activities (customer-oriented software)

computer game editing activities

editing of other software products

management activities (management and operation) of computing means

data processing, web pages management and related activities

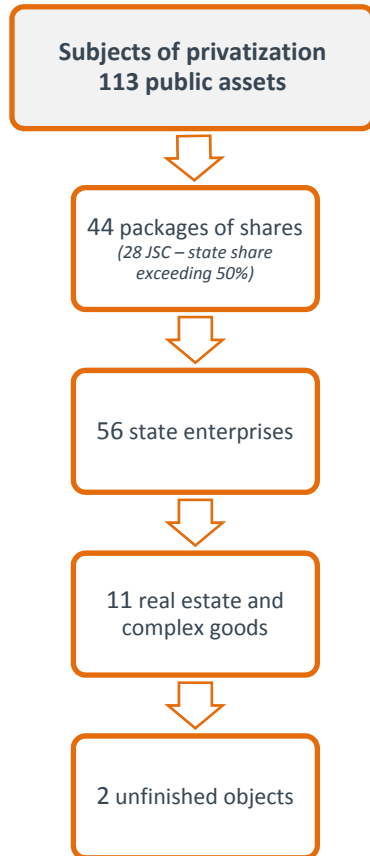
web portal activities

information technology consultancy activities

other information technology service activities

PRIVATIZATIONS – 2017

Moldovan general privatization assets



Moldovan strategic privatization assets

I. Communication Technologies (100%)



II. Aviation sector



III. Electrical distribution networks (100%)



IV. Hydropower sector



V. Banking sector



SUCCESS STORIES OF FOREIGN INVESTORS



Financial Services Sector



Information and Communications Technology Sector



Industrial Production Sector



Gebauer & Griller



INVESTORS' OPINION ABOUT MOLDOVA



"Moldova has many advantages for foreign investors. The proximity to the European market and the close links to markets of the CIS make Moldova interesting for European businesses. Our decision to open a facility in Balti is influenced by the proximity to key locations in Romania, as well as the good opportunity to train and develop skilled workers here."

Peter HILBERT

Government Relations consultant at DRA Draexlmaier Automotive SRL Managing Director at DRA Draexlmaier Automotive SRL (2007-2014)



"This project is a very important part of our global presence strategy. We established an excellent partnership with the central and local officials and we are planning already the future growth of Gebauer& Griller in Moldova."

Vasile BOANGIU

Managing Director at Cables and Wires G&G EE (2012-2015)



"We decided to open a new production plant in Moldova for a good strategic position and a reasonable labor cost. Local and central Government authorities offer entire support in investment and business activity."

Gregorio ISGRÒ

Administrator at CONFEZIONI ANDREA MDV S.R.L.

INVESTORS' OPINION ABOUT MOLDOVA



"We picked Moldova as an investment destination due to the benefits the Government offers to the foreign investors, the costs of production and the strategic market for us. Main purpose for the dairy farm is to provide high quality milk during every month of the year. Favorable climate and geographical conditions are factors that help us achieve our goals."

Jim BOET
Millstream Dairy



"Moldova works hard on encouraging foreign companies to review it as a possible investment option. Moldova offers competitive financial support for the investments into agriculture sector and very cooperative state institutions, and, what is most important for us, a market with a high potential."

Ecaterina PEREBINOS
Pukoven

INVESTORS' OPINION ABOUT MOLDOVA



"Due to the difference in the cost of living, it's currently more affordable to invest in Moldova than elsewhere in the EU. Moldova has a good strategic position, high qualified workforce, presents good opportunities on a broad market, and last but not least has available funding and a good forecast for the future."

EURO YARNS

producers of synthetic yarns for carpet & tufting industry



"We chose Moldova as an investment destination, due to the country's strategic geo-political position and reasonable labor cost for educated and fast learning workforce."

Suat ERDOGAN

General Director "Miso Textile"

INVESTORS' OPINION ABOUT MOLDOVA



"In my experience, I find the local IT community, including fresh graduates and experienced managers, to be responsive, willing to change and ready to embrace new ideas. They have healthy competitive spirit, which shines through when supported effectively. It is a pleasure for me to work in an environment with lots of dedicated, passionate, ambitious and smart people."

Kumail JETHA

General Manager, Endava Moldova Delivery Unit



"We have come to Moldova 8 years ago with the idea to create a team of skillful and enthusiastic people. The outcome is absolutely positive, as today Cedacri International is an important support for the Group which allows it to strengthen its position on the market."

Francesco PIPIO

CEO, Cedacri International



"We chose Moldova as an investment destination first of all for its' people, the human capital here has endless potential, employees are creative, responsible, well educated and very hardworking. For the incommensurable efforts of the Government to develop the IT sector, offering many legal facilities in order to stimulate the growth of this industry. And last but not least, for the strategic location of the country and reasonable costs: for labor force, for rent, for taxes, etc."

John STRONG

CEO, Noction

**Invest in Moldova –
the newest emerging investment destination**

