



The Republic of Moldova: New Path of Development

Investment Opportunities

Ministry of Economy of the Republic of Moldova

Moldova – key facts



Government

Parliamentary republic
– independence day: 27 aug. 1991

Population

3,6 million

Literacy

96%

Workforce

1,2 million

Unemployment rate – 2009

6,4%

Inflation rate – 2009

0.4%

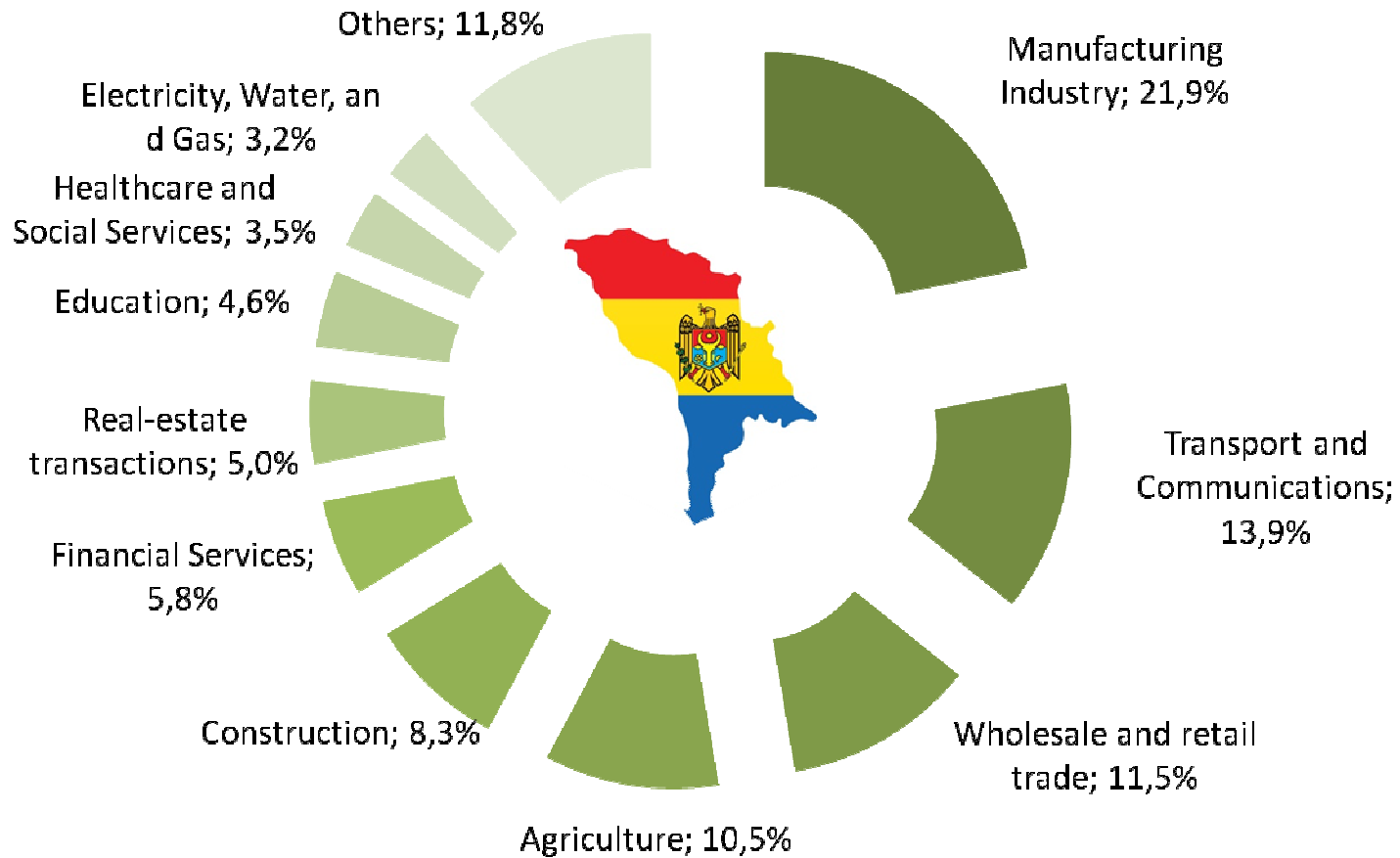
GDP - 2009

\$ 5,4 billion

GDP per capita - 2009

\$ 1 516

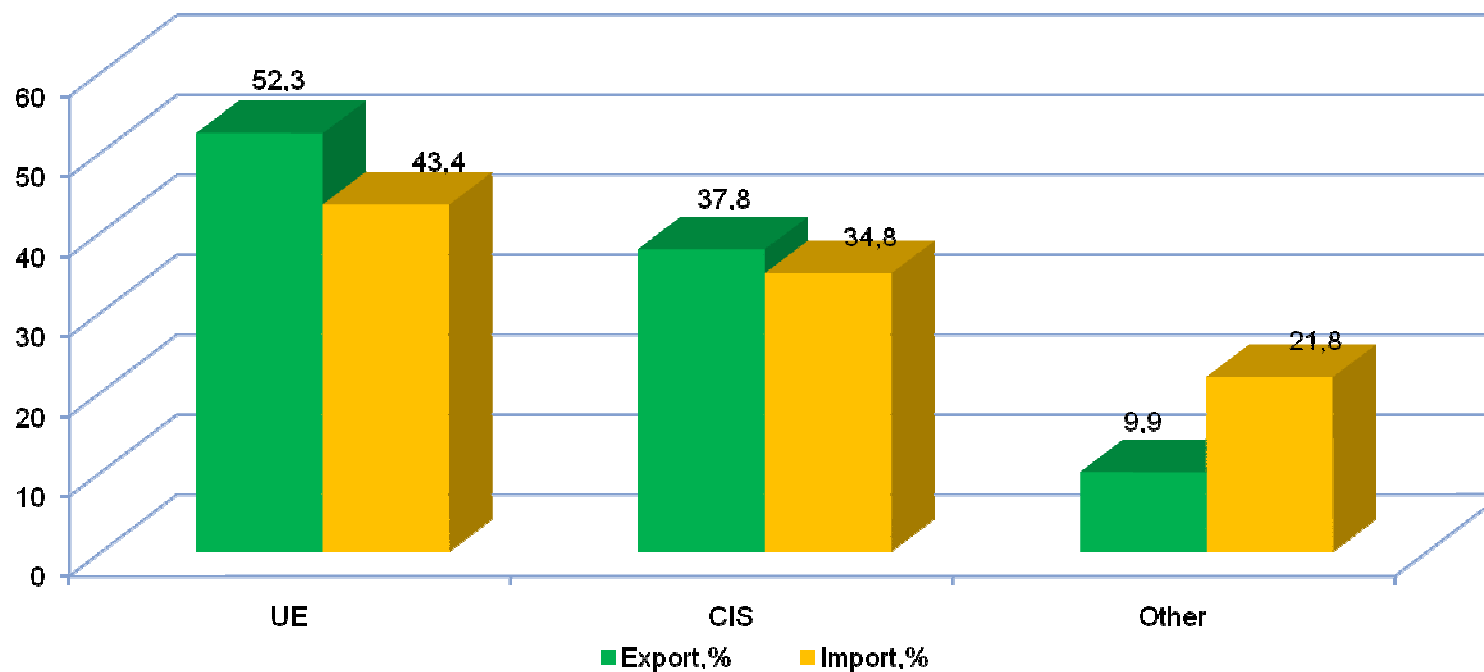
Moldova – the structure of the economy



Sectors of the Economy by weight considering the volume of production in 2009, NBS



Moldova - trade relations by region

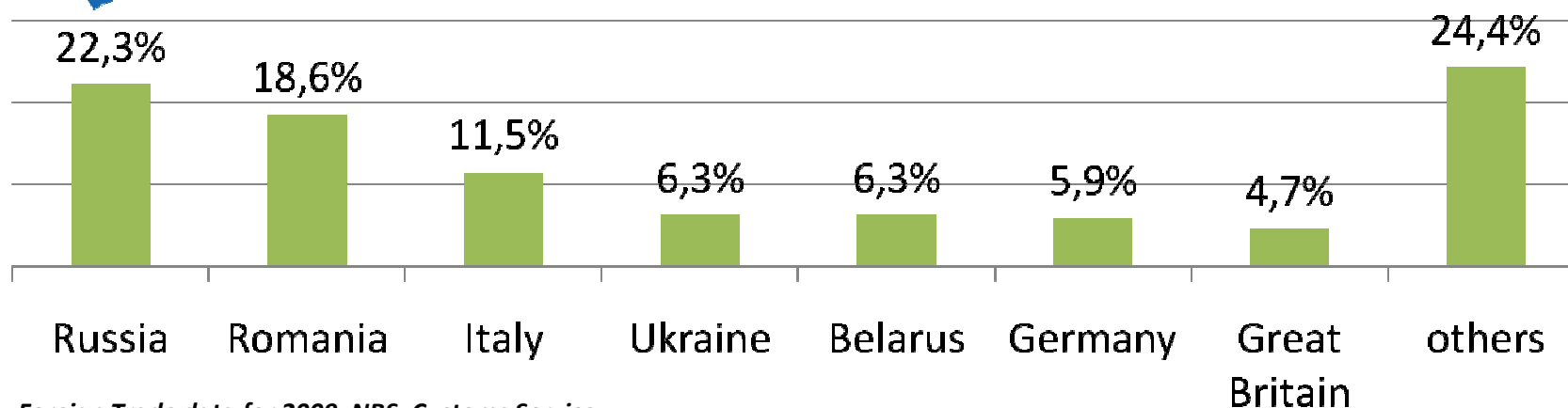


Foreign Trade data for 2009, NBS, Customs Service



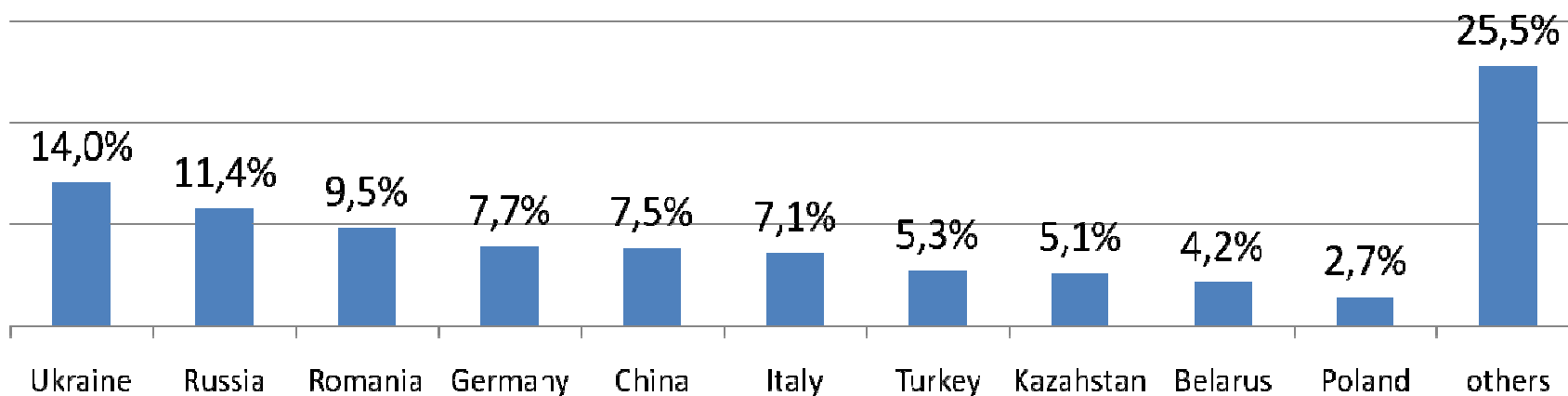
Foreign Trade *by country*

Exports



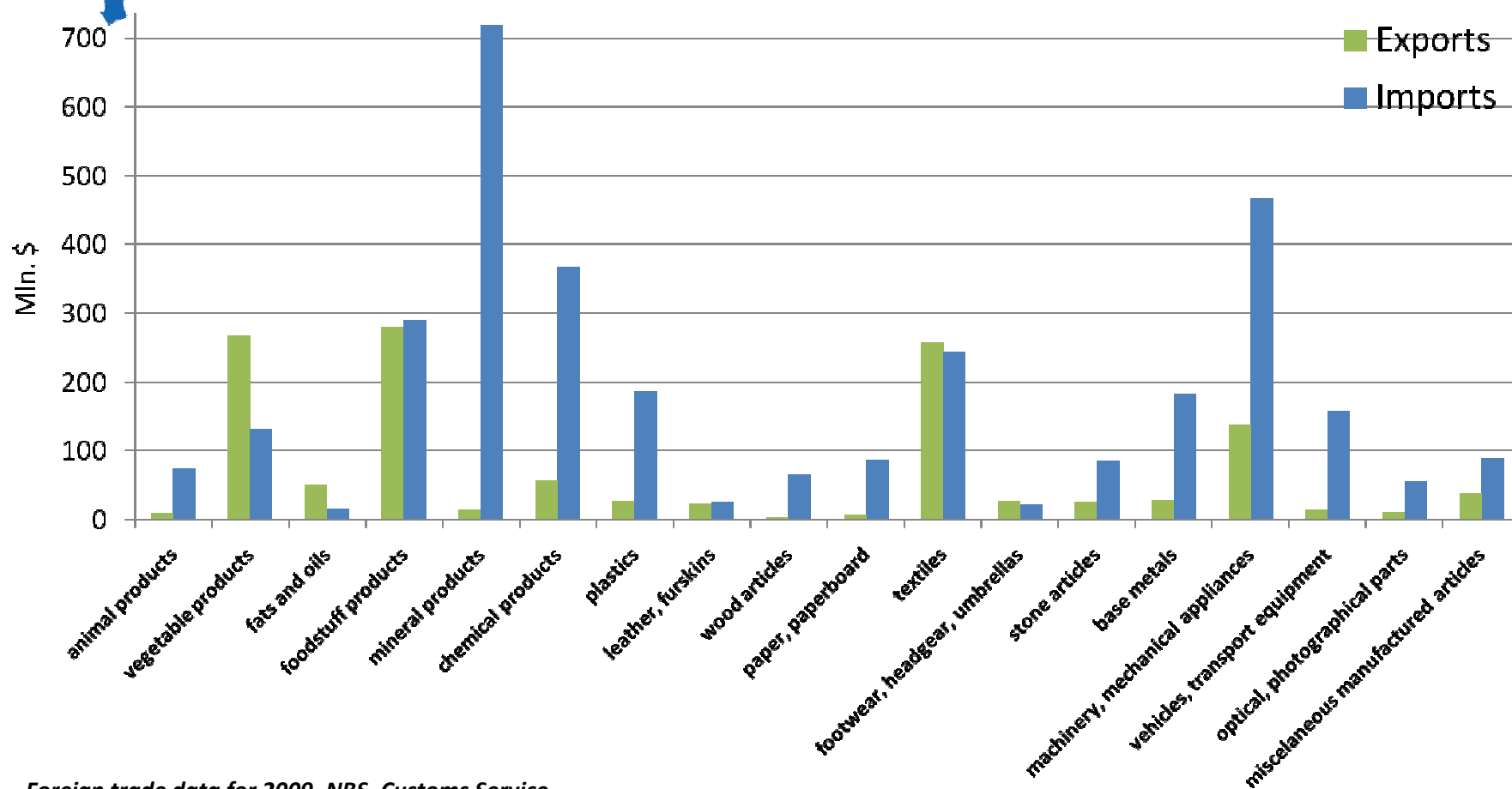
Foreign Trade data for 2009, NBS, Customs Service

Imports





Foreign Trade *by type of product*



Foreign trade data for 2009, NBS, Customs Service



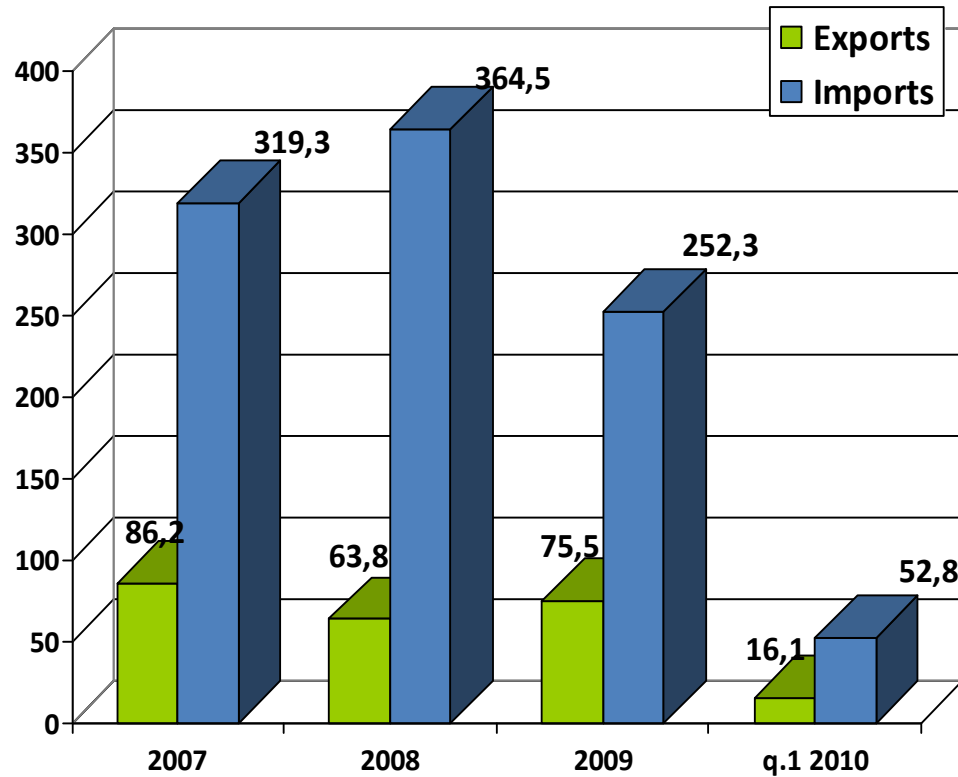
Moldovan trade with Germany



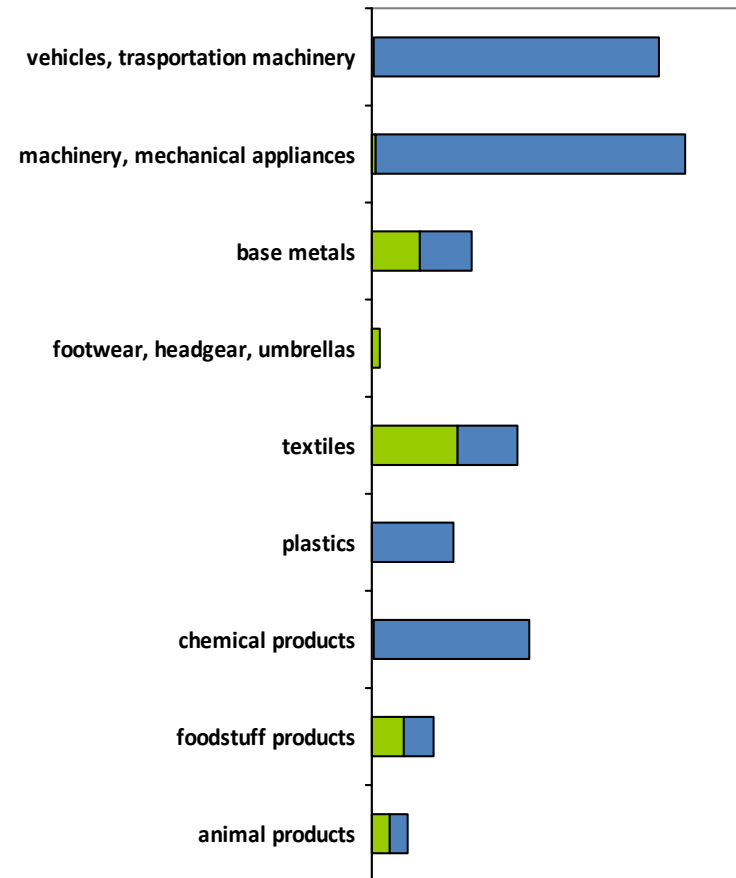
Autonomous Trade Preferences for Moldova

Regulation (EC) No 55/2008 on ATPs for Moldova

Moldova - Germany trade (million USD)

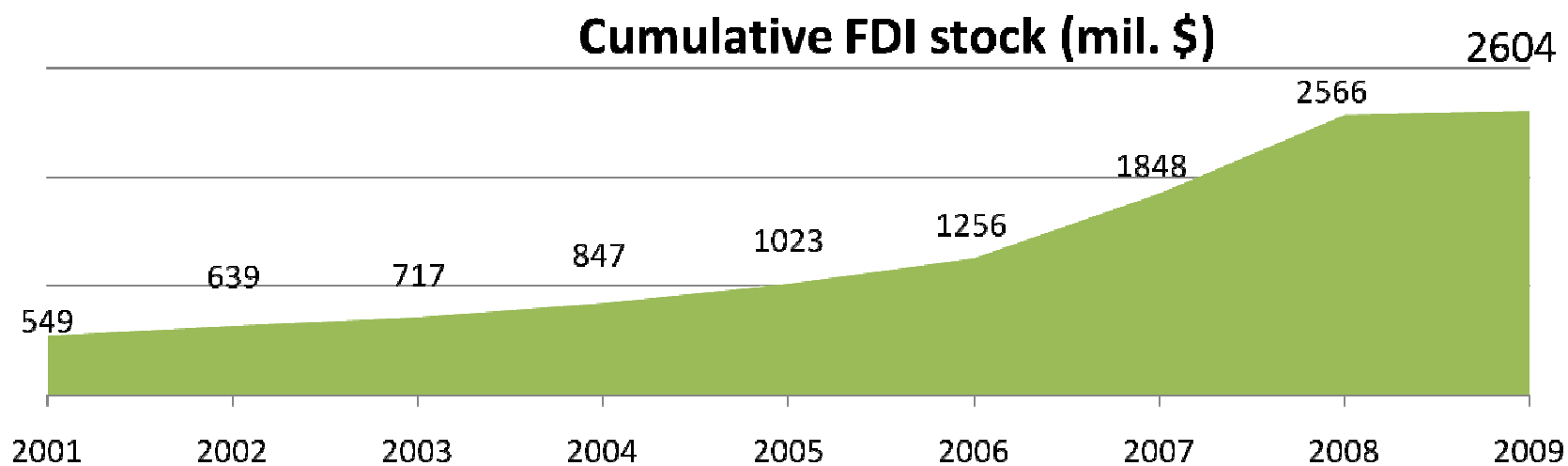
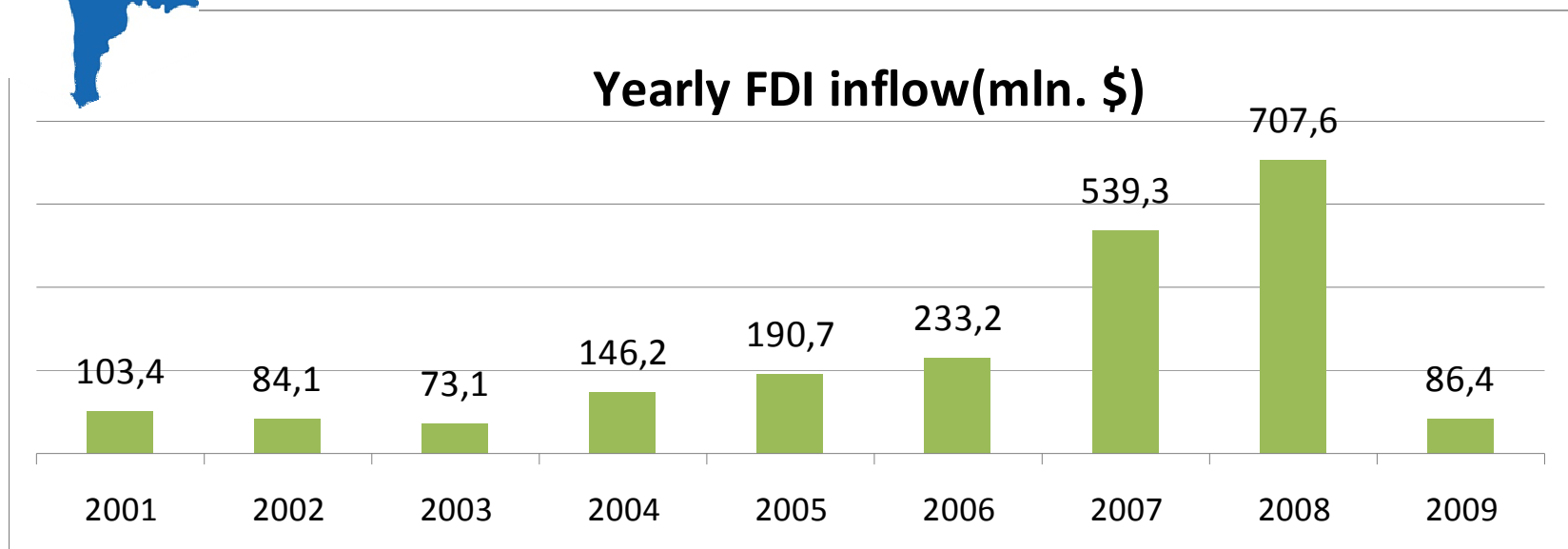


EXPORT 2008 IMPORT 2008





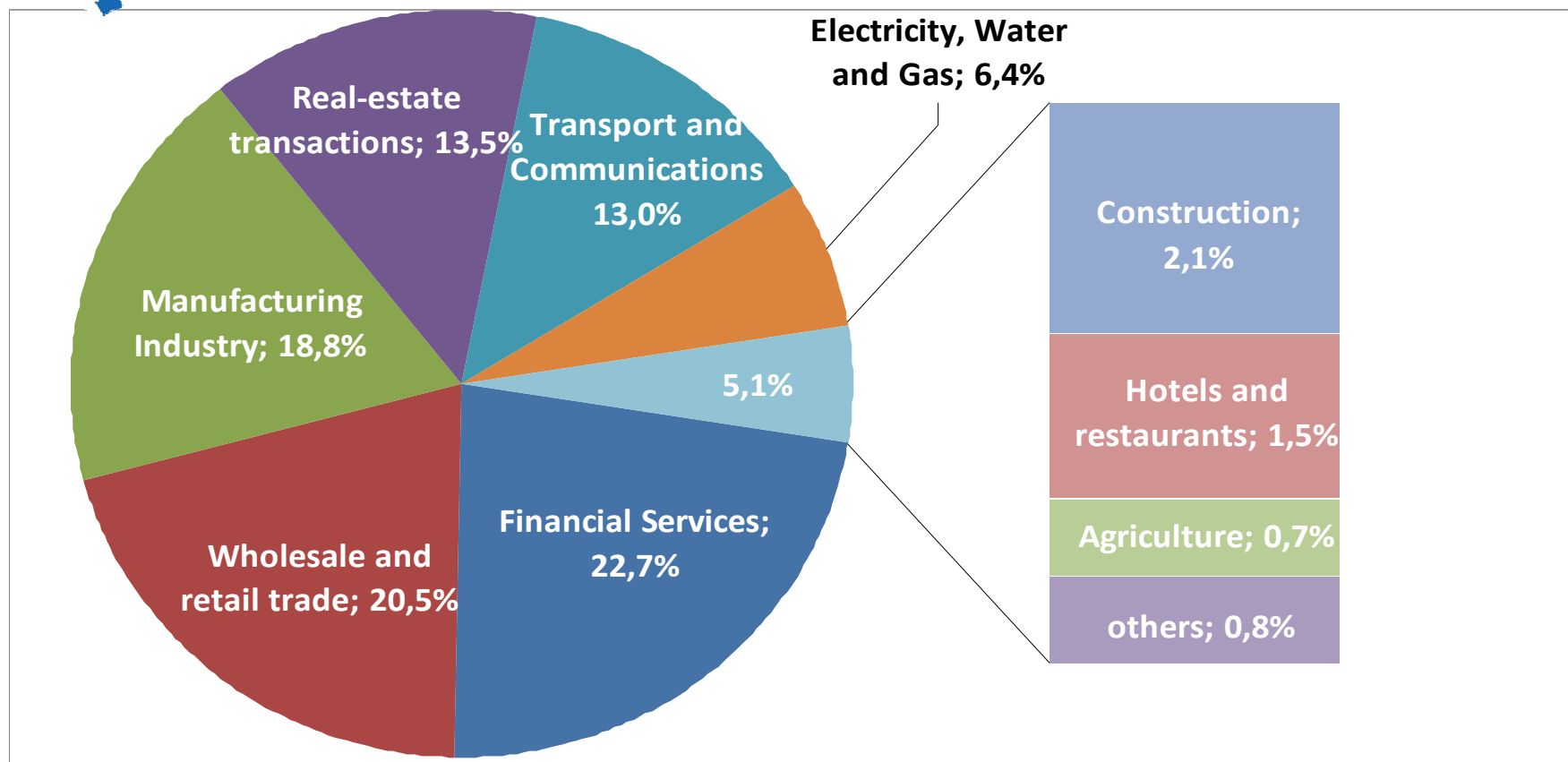
Foreign Direct Investment in Moldova



FDI – preliminary data, NBM



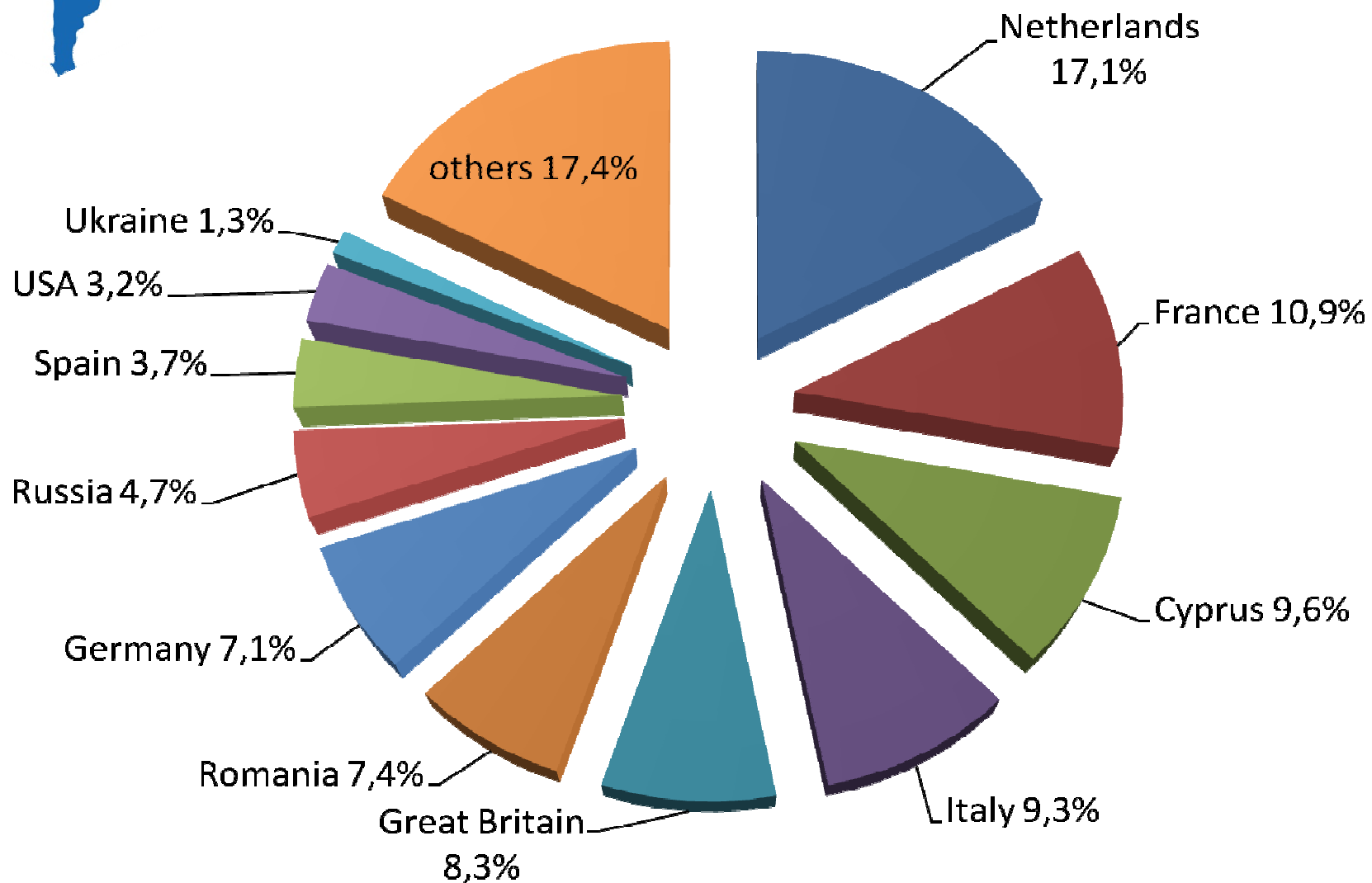
Foreign Direct Investment structure



FDI by sector in cumulative FDI stock at 01.10.2009, NBS



Origin of Foreign Direct Investment in Moldova



FDI by country of origin in cumulative FDI stock at 01.10.2009, NBS

Ministry of Economy of Moldova



FDI Germany - Moldova



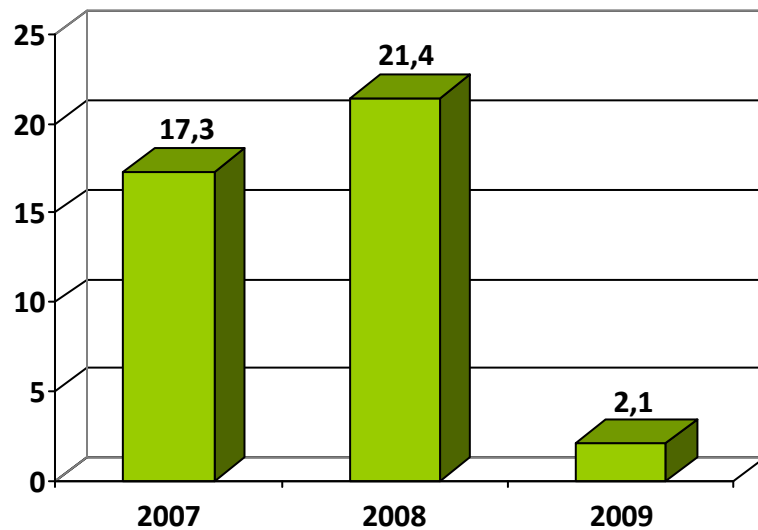
Foreign Investment Promotion and Protection Agreement (FIPA)

Chisinau, 28.02.1994

Double Taxation Avoidance Agreement (DTAA)

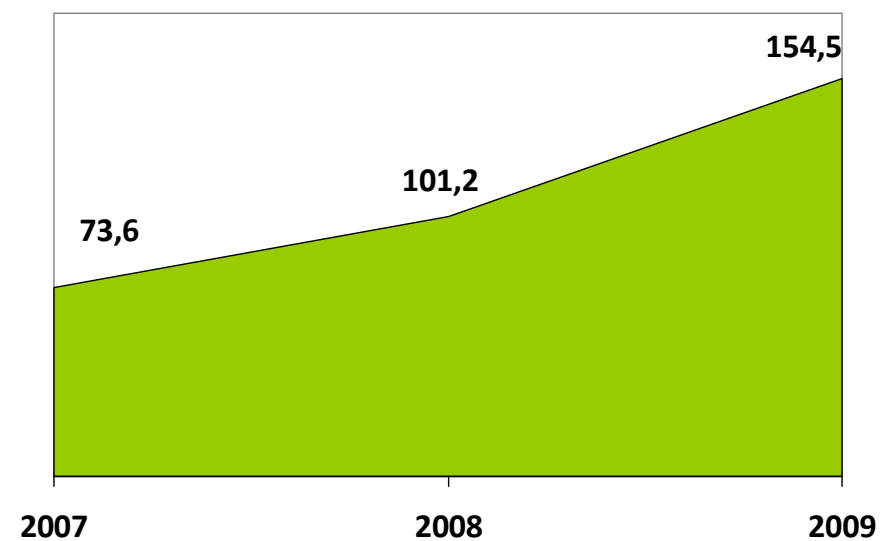
Bonn, 24.11.1981

**FDI inflow from Germany
(million USD)**



1 USD = 12.7654 MDL at 27.05.2010

**Cummulative German investment in
Moldovan FDI stock (million USD)**





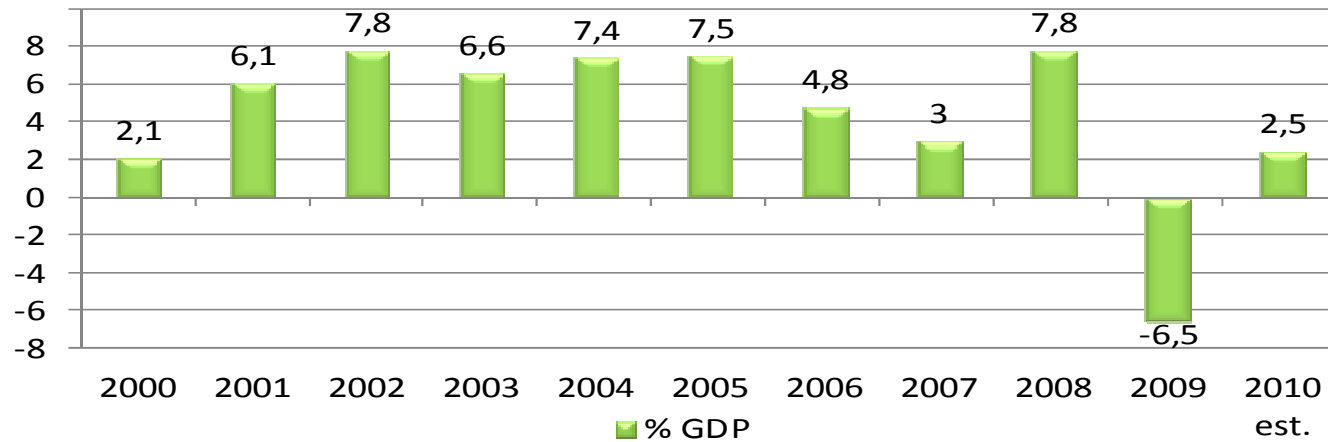
Impact of crisis in 2009

Stagnation of the economical key sectors

- Decline in GDP performance of 6.5%
- Foreign direct investment fell by about 9 times
- Remittances fell by about 36% and is 1182 bln. \$
- The general government deficit increased by 7 times and achieved 6,8% of GDP
- The number of unemployed persons increased by 2 times
- Exports of goods and services decreased by 19%
- Imports of goods and services decreased by 33%

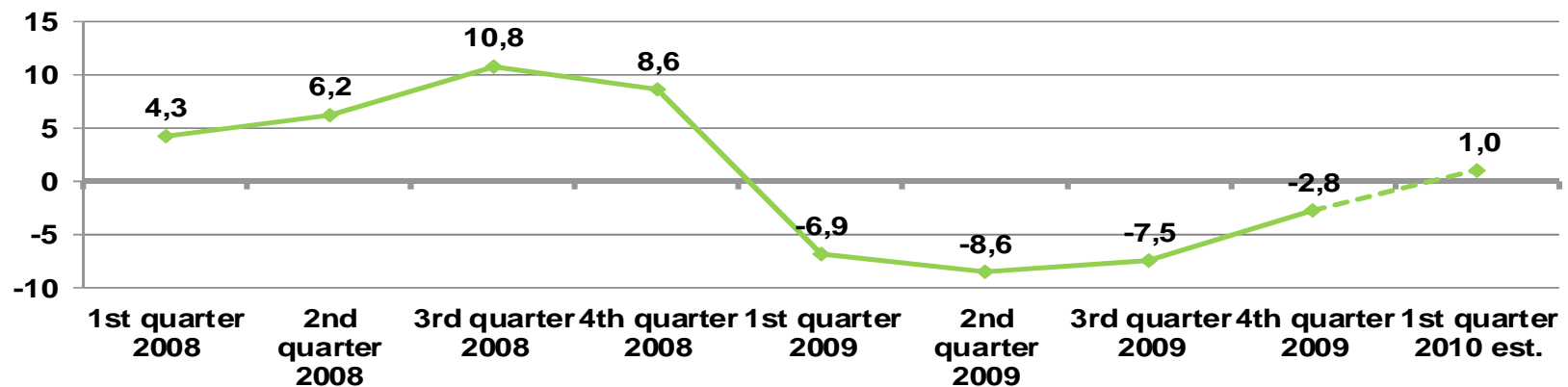


Economic Compression 2009



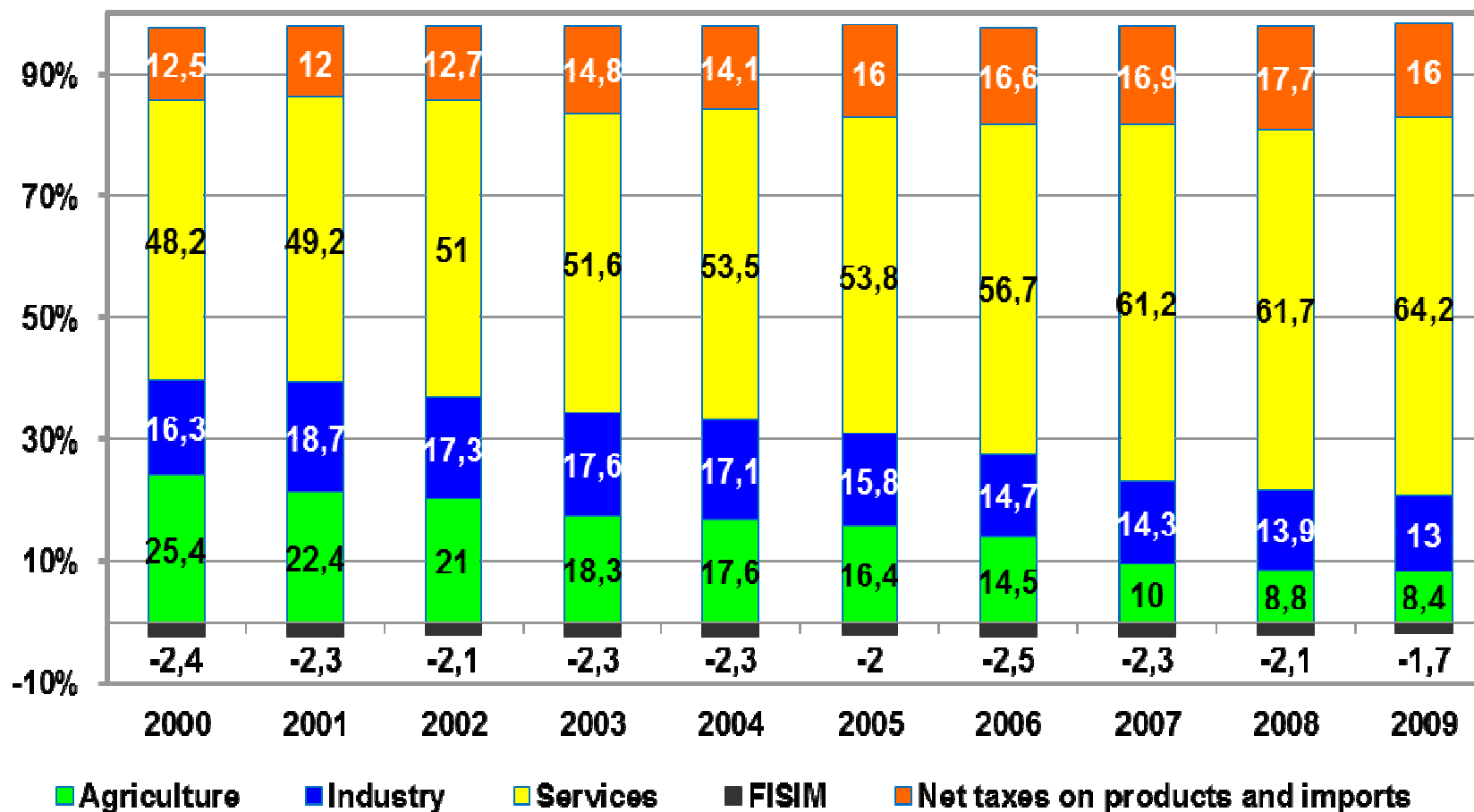
GDP ... the crisis is over?

Q growth/decrease rate compared to the similar period of the last year, %



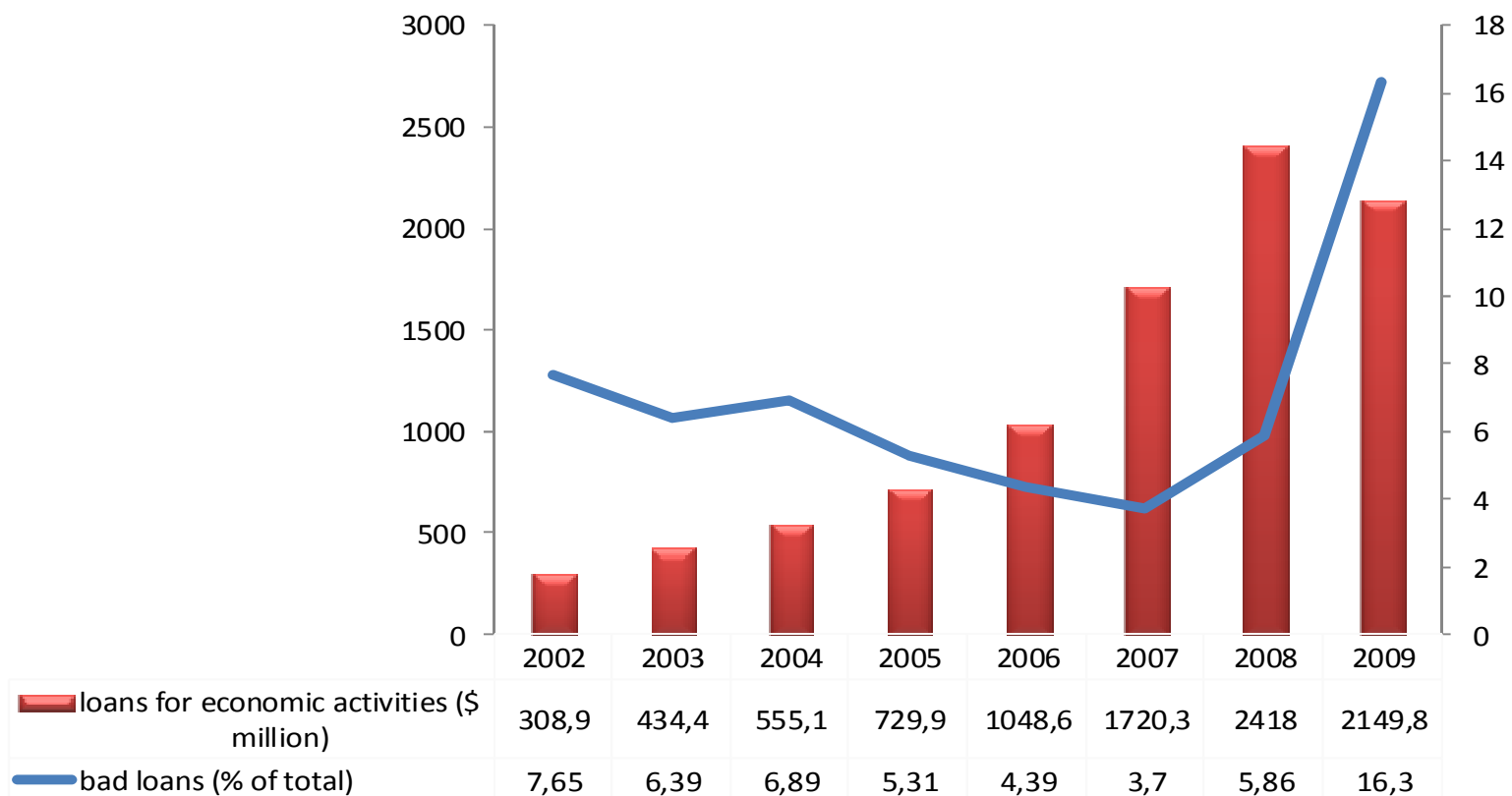


GDP by types of resources Trends, %





Loan portfolio quality trends





Tendency of economic recovery

Macro-economic indicators of the 1st Q 2010

- The industry sector increased by 4,9%
- The agriculture sector increased by 10,6%
- The volume of payment services provided to the population increased by 6,4%
- The exports increased by 12%, and the imports by 1,3%
- The volume of retail sales of goods increased by 6,2 %
- The incomes and the expenses of the national public budget registered growth by 12,2%

...but,

- The volume of investment into fixed capital decreased by 23,4%



Moldova's actions for crisis overrun

Improved business environment and incentives for Private Sector Growth:

- De-monopolization of Exports and Imports
- Simplification of licensing procedures and reducing by almost 1/3 the types of business activities under the licensing procedures
- Elimination of almost 100 products under compulsory certification of conformity

Investment in the Infrastructure:

- Transport rehabilitation: *change of railways tracks, modernization of Chisinau "Airport";*
- Road investment: *93km out of 3,600 km of road rehabilitation;*
- Energy infrastructure: *modernization and extension of capacity of national CHP's, connections to international gas pipelines, interconnection power lines with neighborhood countries;*
- Water sector: *public investment in the infrastructure of water and sewage supply;*



Target indicators we want to achieve

Indicators	2010	2011	2012	2013
GDP compared to the previous year in comparable prices,%	102,5	103,6	105	105
Consumer price index at the end of the year,%	110,8	106,0	105,0	104,0
Export compared to the previous year,%	113	107	112,5	114
Industrial production compared to the previous year in comparable prices,%	107	107,5	108	107,5
Fixed capital investments compared to the previous year in comparable prices,%	113,0	110,0	110,0	109,0



Looking into the Future

- Internal growth based on Exports & Investments, ICT, Knowledge and Innovation
- Infrastructure Development
- Efficient and Effective public administration and high quality public services
- Effective management of public finances and support of the most vulnerable groups
- Business – Science – Government – Civil Society
- New vision of the economic development of the country based on market reforms directed towards EU convergence



Rethink, Reform, Reload Moldova

Challenges:

- to manage the current crisis
- to develop a new strategy for sustainable and balanced economic growth

“Rethink Moldova” programme is focused on:

- European integration,
- economic recovery,
- public governance reform,
- restoration of investor confidence,
- investments in human capital,
- reunification of the country.



Investment priorities

- Energy infrastructure
- Alternative energy recourses and energy efficiency
- Transport and road infrastructure
- Logistics development
- Organic agribusiness and food process
- Industrial parks creation
- Quality infrastructure
- Outsourcing services



Partners aid to Moldova

Donors' Consultative Group Meeting, Brussels, March 2010:

• European Community	550,10 € millions
• IMF	424,68 € millions
• World Bank	221,81 € millions
• EU Member States	184,57 € millions
• EBRD	95,00 € millions
• EIB	95,00 € millions
• UN	95,00 € millions
• USA "Compact "	233,84 € millions
Total	1,9 € billions



Reasons to invest in Moldova

Proximity to key markets

- Openness to Foreign Investments
- Trade Agreements
- Competitive Labor and Operational Costs
- Free Economic Zones
- Fiscal incentives
- Well-developed banking system and international accounting standards, including BASEL system



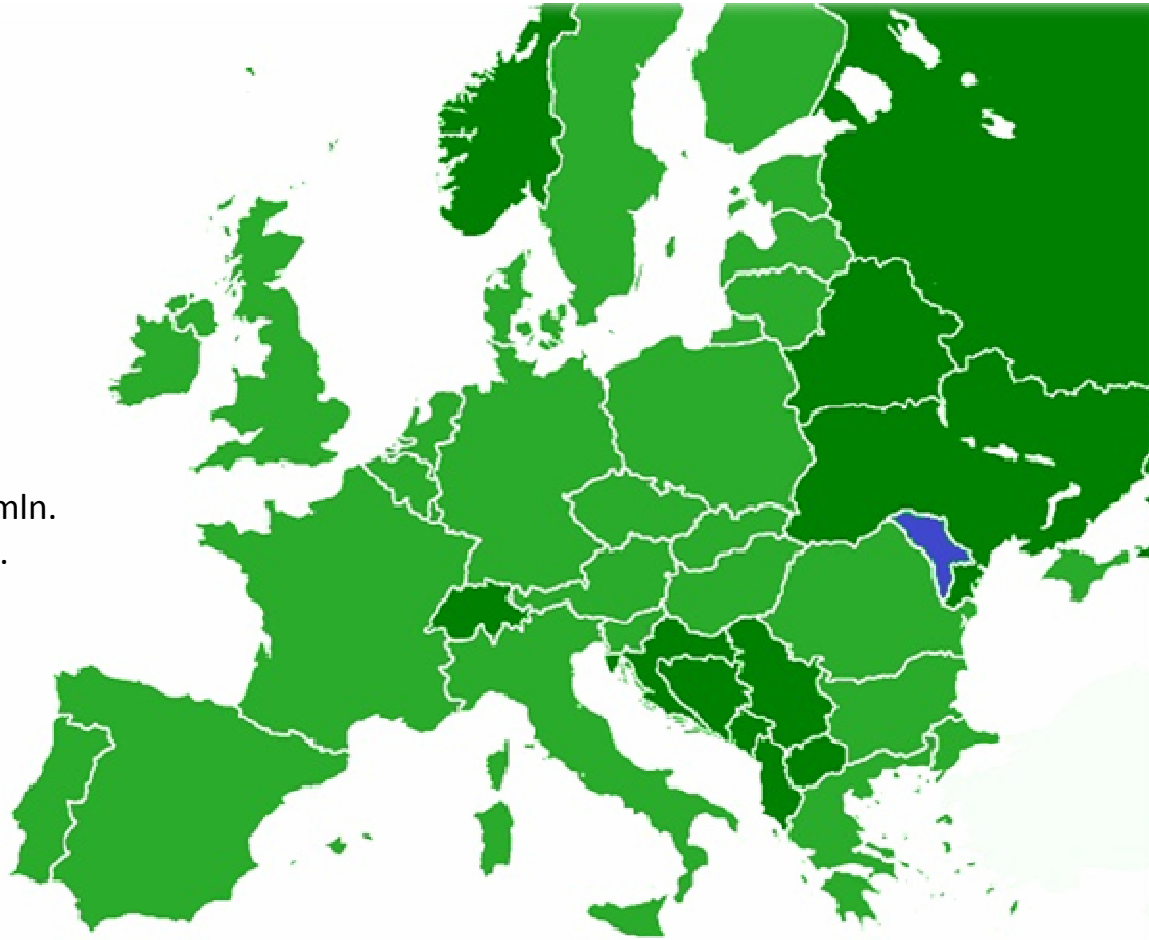
Moldova – a strategic location

Proximity to key markets



European
Union Market

Population 501 mln.
GDP \$14.793 tril.



Commonwealth
of Independent
States Market

Population 276 mln.
GDP \$2.906 tril.

Reason 1:

Openness to foreign investments



- Government has a sustained commitment to provide an open, direct pro-business climate for all investors

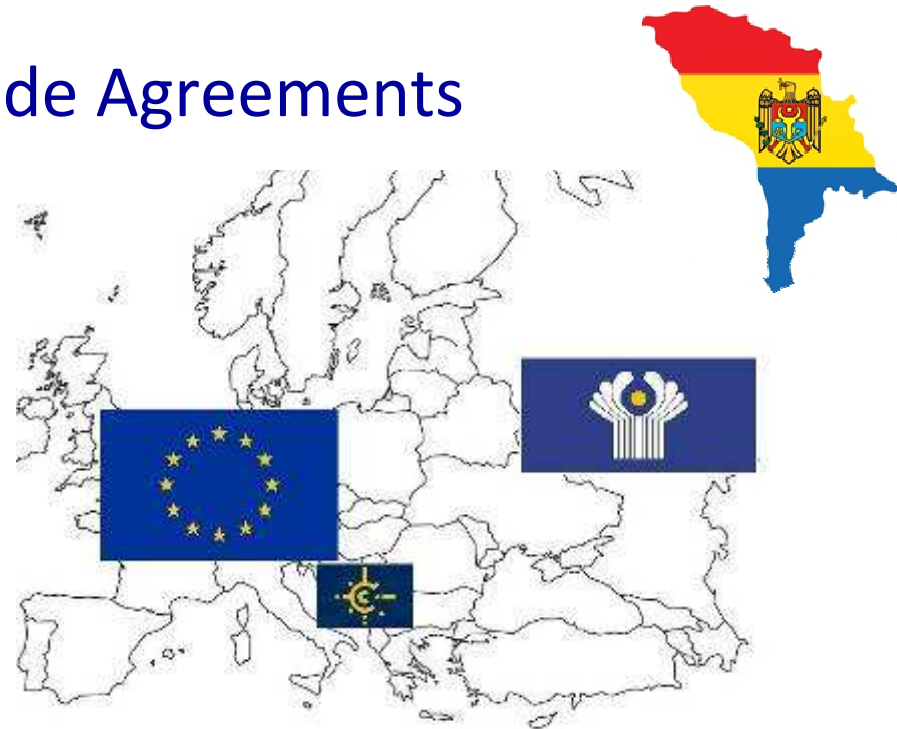


- 89 countries have invested in Moldova, including all EU member states



- EU investments represent roughly 80% of total cumulative FDI

Reason 2: Trade Agreements



International trade agreements

Membership in World Trade Organization

Autonomous Trade Preferences agreement with European Union

17 Free Trade agreements

Members of CEFTA (7 countries in SE Europe)

Members of CIS (9 countries) + Georgia

Reason 3: Competitive Labor and Operational Costs



Workforce costs in the region



Reason 4: Opportunities in the Free Economic Zones



0% Income
Tax

VAT
Exemption

Excise Duty &
Customs Duty
Exemption

Transport
infrastructure
in place

Water, Gas,
Electricity in
place

Reason 5: Fiscal incentives

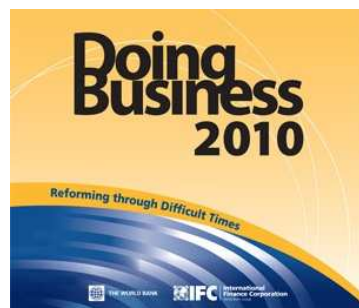


- A. 0% Corporate Income Tax, 15% share paid upon the distribution of dividends

Corporate Income Tax in the Region

Romania	16% flat rate
Ukraine	30% for non-residents
Serbia	10%/20%
Slovakia	19%
Slovenia	21%
Bulgaria	10%
Hungary	19%

- B. Double Taxation Agreements (DTA) with 41 countries



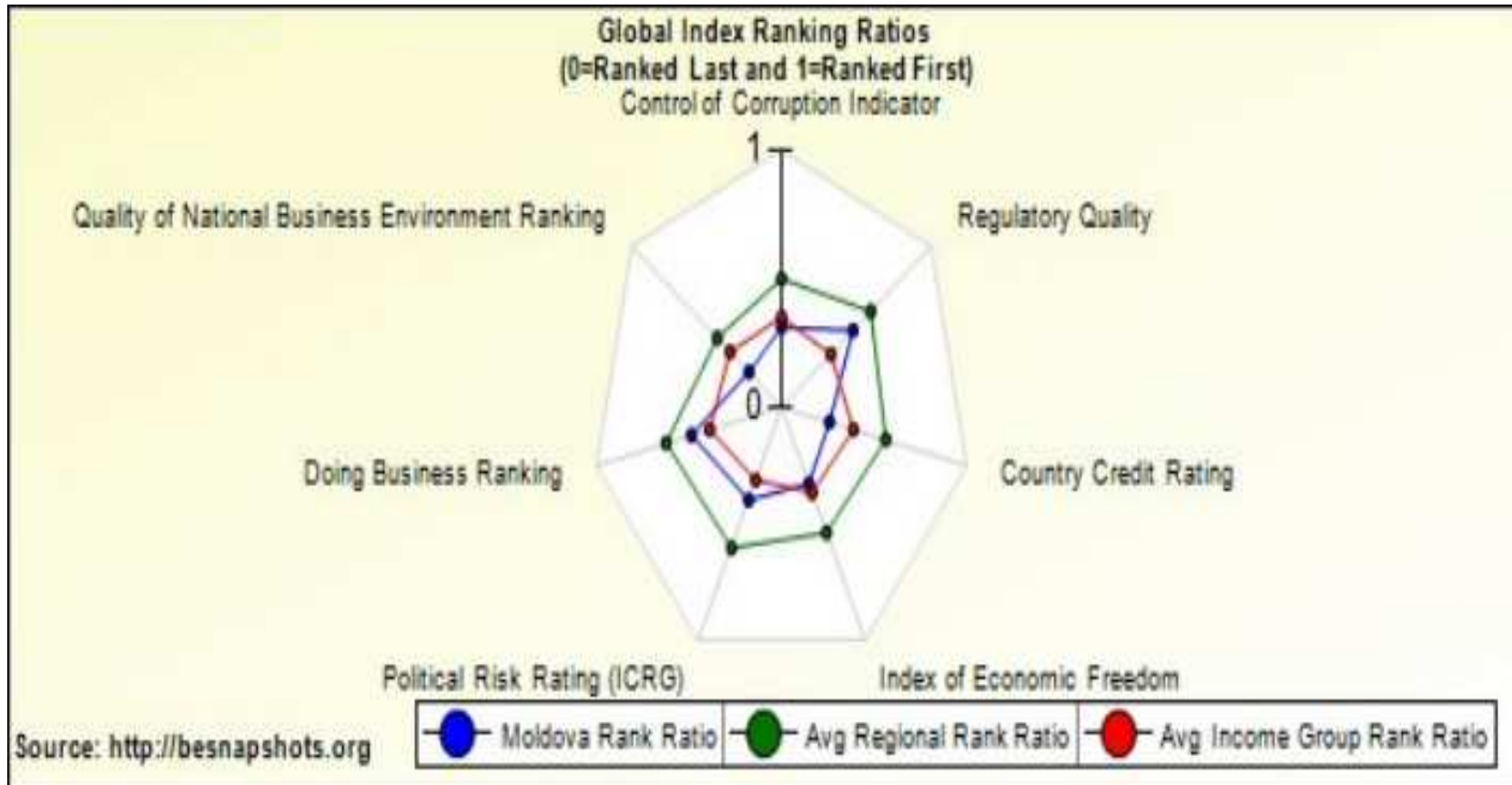
Continuous improvement of investment climate



	Doing Business in 2010 rank	Doing Business in 2009 rank	Change in rank
Doing Business	94	108	+14
Starting a Business	77	90	+13
Dealing with Construction Permits	161	159	-2
Employing Workers	141	140	-1
Registering Property	17	51	+34
Getting Credit	87	84	-3
Protecting Investors	109	105	-4
Paying Taxes	101	125	+24
Trading Across Borders	140	140	0
Enforcing Contracts	22	15	-7
Closing a Business	90	91	+1

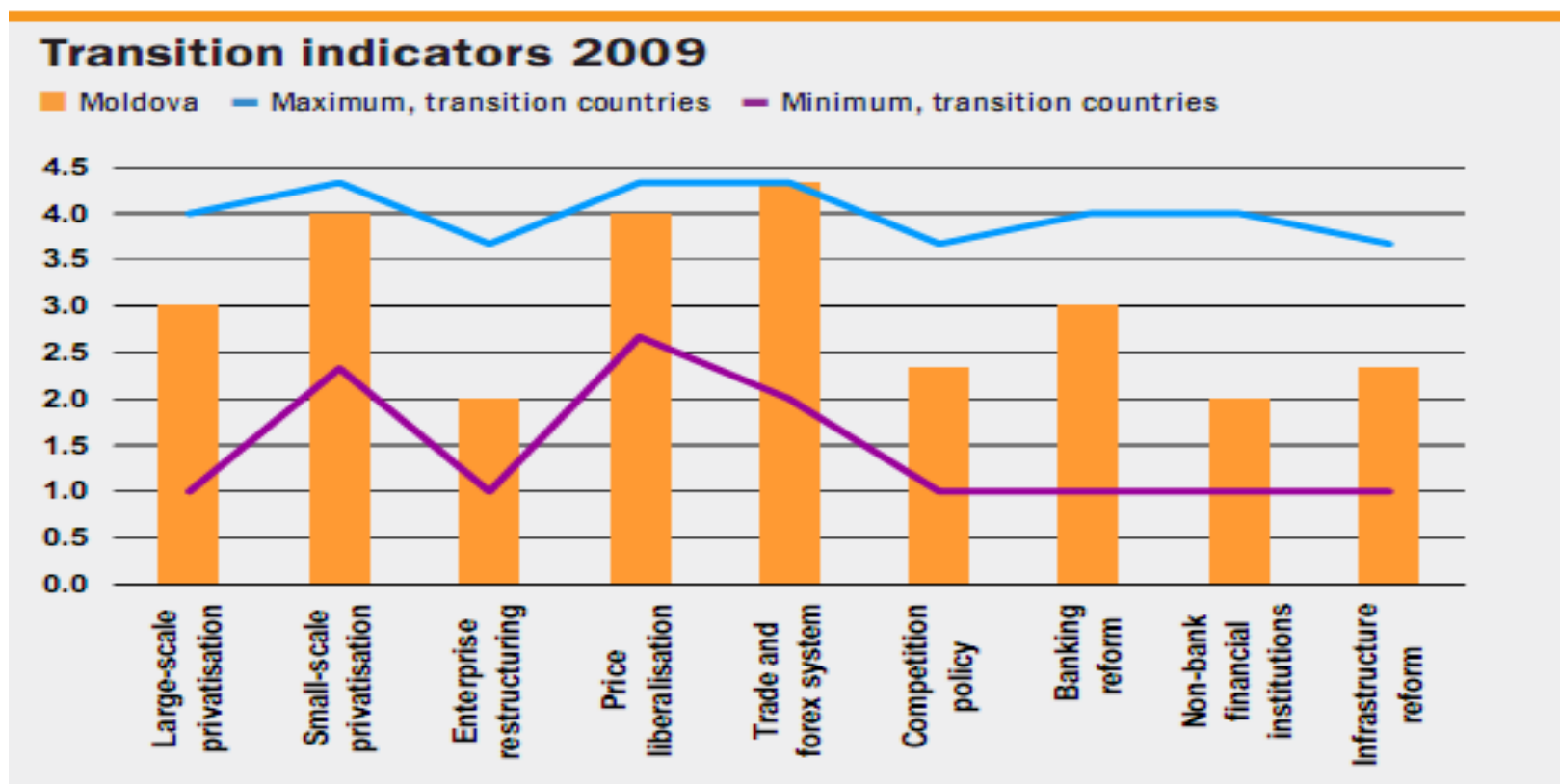


Business environment Snapshots for Moldova





EBRD Institutional Change Indicators for Moldova



Trade and Forex system – 1 (best) out of 29 (worst)

Small scale privatization – 9 out of 29

Banking reform and interest rate liberalization 11 out of 29



Moldovan Position in Selected international Rankings

	Corruption Perception Index , Transparency International	Country Credit Rating, Institutional Investor	Political Risk Rating, (ICRG) PRS Group
2008	109 out of 180	126 out of 174	93 out of 140
2009	89 out of 180	132 out of 178	84 out of 140
Change in rank	+ 20	-6	+9



The Government of the Republic of Moldova is open for effective partnership and investment proposals.

It will be our pleasure to have you as a partner in the process of investing in Moldova's development.

www.mec.gov.md

www.miepo.md

www.moldovainvest.md

www.moldova.md

Invitation to:

"Moldovan Business Week 2010",
in Chisinau, organized in partnership with
the Vienna Economic Forum.

June 22-25, 2010

www.miepo.md



Moldova