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Moldova

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Doing Business in Moldova

Market Overview

Moldova is a small, landlocked nation of 3 million considered the poorest country in Europe with a per capita GDP of USD 1,848 (2015). Agriculture and food industry dominate the economy, with remittances playing a major role – at times a quarter of the annual GDP – in fueling consumption. As the economy has been opening up since the country's independence, foreign trade has been growing considerably.

After a 0.5% recession in 2015, the economy grew 4.5% in 2016 on the back of a recovery in agriculture and strong consumption. After a politically turbulent 2015, the government installed in January 2016 was able to contain the fallout from a massive banking fraud resulting in the bankruptcy of large banks with reforms done at the the National Bank of Moldova. Further steps by the new cabinet to reform the judiciary, public administration, bank supervision, and regulatory transparency helped restore donor support and secure a three-year IMF program worth about USD 180 million. Anticipated 2017 growth rates hover between 3% and 4.5%.

Moldova has been the target of a number of Russian trade restrictions since 2006 and as a result significantly decreased its reliance on historically traditional markets in the Commonwealth of Independent States (CIS), shifting toward European countries and expanding the geography of its trade.

A member of the WTO since 2001, Moldova has signed free trade agreements with countries of the former Soviet Union. In December 2006, Moldova joined the Central European Free Trade Agreement (CEFTA). In June 2014, Moldova and the EU signed an Association Agreement (AA). Part of the AA is the creation of a Deep and Comprehensive Free Trade Area (DCFTA) over a period of ten years. The DCFTA removes most import duties and supports regulatory harmonization between Moldova and the EU. Also, Moldova has a Free Trade Area (FTA) Agreement signed with Turkey.

Moldova benefits from its proximity to two large markets: the European Union, which absorbs over 60% of the country's exports, and the Russia-dominated CIS, accounting for almost a quarter of Moldovan exports. In a breakdown of top ten export markets by country in 2016, Romania was first (25.1%), followed by Russia (11.4%), Italy (9.7%), Germany (6.2%), the UK (5.6%), Belarus (5.1%), Bulgaria (3.7%), Poland (3.6%), Turkey (3.0%) and Ukraine (2.4%). The primary exports were food and beverage, agricultural produce, apparel, and transport equipment. As Russia has been recently showing signs of partially lifting restrictions, exports toward the East may grow.

Moldova's main imports are energy resources, natural gas, petroleum products, machinery, vehicles, and chemicals. Most consumer goods are also imported from abroad, as are most inputs.

The government does not control the separatist region of Transnistria, a sliver of land on the Eastern border with Ukraine. Although the region maintains a separate monetary unit, its own army and customs, businesses on both sides engage in economic cooperation. Negotiations have been held under the so-called "5+2" format (Moldova, Transnistria, OSCE, Russia and

Ukraine + U.S. and EU) to find a settlement. While there were no resumption of hostilities since 1992, relations between the two sides remain contentious.

Market Challenges

Although the government declared its commitment to reform, pervasive corruption remains an obstacle for investment and business development in Moldova. Vested political and economic interests coupled with the prevalence of informal relationships, weak governance, particularly in the financial sector, and a corruption-prone court system have been stalling progress.

Moldova is struggling with the legacy of a large bureaucracy, which enjoys significant discretionary power. Corruption and bureaucracy stifle entrepreneurship and the demand for economic reform that would come from a vibrant private sector. The government has taken steps to introduce laws and regulations in harmony with EU legislation, but more remains to be done to make the local legislation and practices fully compliant with EU standards. Businesses still face cumbersome licensing procedures and excessive authorization requirements.

A persistent challenge over the years has been an aging population and dwindling labor force. While intellectual property rights (IPR) legislation is quite advanced, IPR enforcement remains weak.

The large inflow of remittances has led to consumption-based growth, which exposes the economy to risks during regional downturns. Dependence on Russian energy imports and an economy that is still inefficient in energy use are challenges. Weather-related events such as drought and flooding pose a constant risk to the agricultural sector.

Another challenge is Moldova's relatively small market size.

Market Opportunities

Bordered by Romania to the West and Ukraine to the East, Moldova is close to the EU and CIS markets, with which the country has FTA arrangements. Free Economic Zones with their tax incentives and duty free import of inputs represent a good opportunity to set up export-oriented manufacturing sites. A number of big international names – Lear Corporation and Draexlmaier – took advantage of this opportunity.

Given Moldova's high agricultural potential, food processing holds significant opportunities, while demand for agricultural machinery, irrigation equipment, cold storage, sorting and processing lines is high. With assistance from international community, the government has focused on developing high-value agriculture, tourism and wine. There is growing demand among domestic consumers for processed foodstuffs, used automobiles, and aftermarket accessories.

Renewable energy and energy efficiency is another area of interest. A number of internationally-supported projects in energy and road infrastructure are under way. These projects enjoy the financial support of the European Union, the European Bank for Reconstruction and Development (EBRD), European Investment Bank (EIB) and the World

Bank. These present opportunities in areas linked to engineering, road construction, energy distribution, transformer stations, electric cables, wiring and piping.

Information and communication technology is another area that has been growing. The government has been promoting the development of the industry with the passage of a new law on IT parks, introducing the novel idea of “virtual residence.”

The government intends to sell off state-owned assets, with some attractive companies, such as the largest telephony company Moldtelecom, power grids, state railway company and the flagship national airline Air Moldova, considered for privatization.

Market Entry Strategy

Good local representation is recommended before entering the Moldovan market. Consulting with U.S. companies already in the market, as well as with the U.S. Embassy and business organizations such as the American Chamber of Commerce in Moldova (AmCham Moldova) is the best way to assess the market and prospective partners. Conducting due diligence in general helps minimize risks involved in any business transaction.

Given the tenuous commercial environment and weak legal infrastructure, it is essential to obtain solid legal advice in structuring your company’s investment. Furthermore, it is important to keep up with the ever-changing laws and regulations. Legal counsel can provide general advice on fluctuations in the commercial environment in Moldova and prevent disputes from emerging between partners. Moldovan laws and regulations are vague and open to considerable leeway in interpretation, providing corruption opportunities for officials at every bureaucratic level.

Political Environment

Political Environment

For background information on the political and economic environment of the country, please click on the link below to the [U.S. Department of State Background Notes](#).

Selling US Products & Services

Using an Agent to Sell US Products and Services

Selecting a local partner can be very advantageous for U.S. firms wishing to do business effectively in Moldova, though some large, established American firms work without a local partner. Gaining access to the market and collecting meaningful information can be difficult without local representatives who have contacts and have a better understanding of the business environment, legislation, and market. Local companies are usually willing to become agents and distributors for American firms. Before a U.S. firm makes any commitment, it is strongly recommended that a third-party evaluation be conducted on the prospective partner.

Distance interaction, such as simply sending catalogues, is usually not as effective as making direct personal contacts, where rapport can be built, questions and answers easily conveyed, and the credibility of a product and company established. As with other countries of the former Soviet Union, personal relations still play a very important role in building business partnerships. In an economy where the rule of law is not yet firmly established, the quality and depth of key business relationships are often the best protection against loss and are the key to market access.

The local partner may require significant support from the U.S. business in building a distribution network and reaching out to clients. Expecting a local distributor to be proactive and do everything on its own is not a safe assumption. One should keep in mind that a distributor could be representing other companies with products that could be in direct competition with the products and services of a U.S. company seeking to work with that particular agent or distributor. Before selecting a local partner it would be wise to explore what other products the potential partner distributes.

Business associations represent a good resource to obtain information about local companies, distributors, wholesalers or retailers. The American Chamber of Commerce in Moldova (AmCham Moldova), the Chamber of Commerce and Industry, European Business Association (EBA), and the Moldovan Investment and Export Promotion Organization (MIEPO) are available to assist prospective investors. American companies may also contact local law firms to assist them with finding a partner. A list of English-speaking lawyers is available on the US Embassy's [website](#). Also, the US Embassy regularly fields inquiries from US companies.

Establishing an Office

The U.S. Embassy can provide only basic counseling on registration requirements and procedures. The U.S. Embassy strongly recommends that interested U.S. companies seek legal advice on business registration. The U.S. Embassy can provide contact information for local consulting firms that offer professional legal advice in this area.

Every company doing business in Moldova must be registered with Moldovan authorities. The following laws regulate the registration and activities of companies in the Republic of Moldova: the Civil Code, the Law on Enterprises and Entrepreneurship, the Law on Joint-Stock Companies, the Law on State Registration of Legal Entities and Individual Entrepreneurs, the Law on Limited Liability Company and the Law on Joint-Stock Companies.

According to Moldovan legislation, a foreign company may be registered as one of the following entities:

- sole proprietorship,
- general partnership,
- limited partnership,
- limited liability company,
- joint stock company,
- cooperative, or
- representation or branch office.

The limited liability company is the most popular form of legal registration among foreign businesses operating in Moldova. Joint-stock companies are a distant second. In choosing the registration mode, companies must consider the advantages and disadvantages of one over another. For example, by Moldovan law, a foreign company registered as a representation or branch office does not have a legal entity status and cannot engage in economic activities. For example, Microsoft has a representative in Moldova who does not sell Microsoft products. The Microsoft representative observes the activities of its distributors to ensure compliance with Microsoft quality standards and rules. Other companies distribute Microsoft software through sales in Moldova. U.S. businesses may prefer to seek majority ownership stakes in joint ventures to minimize risks.

Business registration is done with the Moldovan State Registration Chamber, which keeps the State Register of Legal Entities and Individual Entrepreneurs. By law, registration should take five days in a standard procedure or four hours in the event of a sped-up procedure and is done in two stages. The first stage involves submission of an application and a set of documents, the type of which may vary depending on the legal form of the business (LLC, joint-stock company, sole proprietorship, etc.). At the second stage, the State Registration Chamber issues a registration certificate and a unique identification number for the business conferring full legal capacity to the entity. In 2010, the government introduced the “one-stop-shop” principle, under which businesses were relieved of the requirement to register with fiscal, statistical, social security or health insurance authorities.

For the purpose of registration, a foreign company must provide the following documents:

application for registration;

- resolution of establishment of the local company (indicating the senior manager and person authorized to sign constitutive documents);
- constitutive documents (articles of incorporation, charter, etc.); and
- excerpts from the commercial register of the foreign company’s home country.

Any foreign citizen who founds a new company or acts as a senior manager must provide a copy of her/his foreign passport and criminal records from her/his country of origin and Moldova. Foreigners have also to submit copies of their passports and residence permits.

The regular procedure requires foreign companies to notarize copies of constitutive documents with the Consular Office of the Moldovan Embassy in Washington D.C. and have them translated into Romanian.

In March 2006, the Moldovan Parliament ratified the 1961 Hague Convention on Abolishing the Requirement for Legalization for Foreign Public Documents. Acceptance of U.S. apostilles applied on official documents simplifies the legalization of official documents.

Following registration, certain types of business activities require the issuance of a license. While most businesses are licensed via a one-stop shop procedure, certain specialized activities require other regulating agencies to issue licenses: the National Bank, the National Financial Market Commission, the National Energy Regulatory Agency, the National Electronic Communications and IT Regulatory Agency, and the Audiovisual Coordinating Council.

To get a license, a business must file an application and provide a copy of the business registration certificate as well as additional documents, the number and type of which will vary by business activity. Aside from licenses, businesses may be required to obtain other authorizations and certificates, which will differ by business activity and product. Such documents may deal, for example, with sanitary, environmental, fire security and safety compliance issues.

Franchising

Moldova is among a few countries in the world that have separate legislation dealing with franchising. Franchising is gaining popularity in fast food and retail of consumer goods, cosmetics and apparel. The number of sales outlets carrying internationally recognized brands in the capital city of Chisinau is growing and the presence of vendors of foreign-made goods and the opening of large shopping malls further suggest that franchising provides business opportunities in retailing and services. U.S. companies such as McDonalds, KFC, Best Western Hotels, and Coca Cola have operated franchises in Moldova for several years.

Direct Marketing

Direct marketing is used, but is not widespread. Major, well-known U.S. direct marketers such as Amway, Herbalife, Avon, and Mary Kay are successful in Moldova. Such direct marketing channels as catalogs, e-commerce and regular mail are still in their infancy. As the use of credit cards and Internet grow, so, too, are the opportunities for direct marketing methods.

Joint Ventures/Licensing

Moldovan legislation treats domestic and foreign businesses in the same manner and does not restrict foreign ownership in companies or subject such companies to any special licensing requirements. U.S. firms may enter the market by partnering with Moldovan counterparts or by operating 100 percent foreign-owned companies. In the most common, joint-venture approach, a foreign company provides capital, equipment and merchandise, while the local company provides buildings, warehouses, office space, personnel, and channels of distribution. Before making financial or legal commitments, U.S. firms should thoroughly explore whether potential partners are reliable and share their priorities and expectations. Special attention should be also given to a review of the viability of potential domestic partners.

Selling to the Government

Virtually all Moldovan governmental agencies can conduct procurements. All important acquisitions technically require competitive bidding with strict formal requirements that limit the extent of sole sourcing. Public procurement procedures are overseen by the Public Procurement Agency. The Agency publishes procurement announcements in an electronic bulletin that can be accessed via on-line subscription.

Since 2012, businesses have access to an electronic procurement system. To increase further transparency and access for interested parties, the Ministry of Finance, with the support of EBRD and local IT companies, is piloting an e-platform for public procurement to make it easier for anyone interested to have access to public procurement notices and tender documentation. First tested for small procurements, the platform is scheduled to be extended to encompass the entire range of procurements organized by public authorities by March 2018.

Moldova adopted a new Law on Public Procurements in 2016 to align governmental practices with EU practices and WTO Government Procurement Agreement GPA that it formally joined in 2016.

Domestic and foreign organizations often criticize Moldova's public procurement practices for insufficient transparency. The time allowed for preparing bids after the announcement of a tender is frequently short and documentation requirements, including translation into Romanian, can be onerous for companies not based in Moldova. Also, budgetary constraints often limit the local government's purchasing power. Internationally financed public procurements are usually the most transparent and provide the best opportunities for U.S. companies. International tenders organized by the World Bank, European Bank for Reconstruction and Development (EBRD), and other international organizations represent good opportunities.

Many governments finance public works projects through borrowing from the Multilateral Development Banks. Please refer to the "Project Financing" Section in "Trade and Project Financing" for more information.

[Public Procurement Agency](#)
[Business Information Database](#)

Distribution & Sales Channels

U.S. companies may find a considerable number of agents, middlemen, wholesalers and retailers in Moldova. As a relatively small market, without challenging terrain, the major problem in developing distribution channels is poor infrastructure. Moldova is a landlocked country and shipping products by sea takes place via nearby Black Sea ports in Ukraine and Romania. Overland transportation to and from the ports is usually done by trucks and involves crossing state borders and customs clearance, which add extra costs and time to the shipment of goods. The recently completed Giurgiulesti International Port on the Danube River is strategically important and may help Moldova enjoy access to cheaper transportation by sea. The port is accessible to both fluvial and maritime vessels.

Distribution and sales channels have developed significantly over recent years, though they are still not as sophisticated as in the rest of Europe. With the opening of several modern shopping malls and large retail stores, especially in the capital city of Chisinau, sales practices have been improving. Sales are mostly concentrated in two major cities of the country – the capital city of Chisinau, and Balti, the second largest city of the country. Companies could also consider having sales outlets for their products in district centers.

Among the challenges faced by distributors is usually illegal trade and smuggling through the weakly controlled Moldovan-Ukrainian border in the east along the breakaway region of Transnistria. A European Union Border Assistance Mission (EUBAM) was established to enhance Moldovan and Ukrainian capacity for border and customs control and border surveillance.

Express Delivery

All major express delivery companies are present in Moldova: FedEx, TNT, UPS and DHL. Posta Moldovei is the national mail operator with a nationwide network of mail delivery, offering courier and delivery services domestically and internationally, and is part of international Express Mail Service (EMS).

U.S. to Moldova deliveries usually takes two to four business days, but length may vary depending on type of dispatch, type of shipment and destination. Under Moldovan customs laws, goods sent for personal use are subject to customs duty and other taxes if their value exceeds EUR 300. Also a number of restrictions apply for international mail. Operators can provide information on the type of delivery restrictions and conditions.

Selling Factors & Techniques

In general, Moldovans seek bargains and are price sensitive, but quality and payment terms are increasingly playing a critical role in purchase decisions. This is, however, not to say that higher-end items or services, especially recognized brands, will not sell at higher prices, particularly among the fashion-conscious youth. American goods enjoy a good reputation, but are not widely available on the local market. A commonly held opinion among local business people is that, because the United States is at a great distance from Moldova, final prices on many U.S. products shipped to Moldova will be higher than those for similar European products.

Although the official language is Romanian, many businesses use or even prefer Russian. The language preference is determined by a person's background, origin, age and education. In some areas of the country, Russian is preferred. Having your product-related materials translated into Romanian or Russian (or both) is a big advantage. By law, businesses must provide product information for consumers in Romanian.

Typically, one distributor or agent is enough to cover the entire country. Moldova is a relatively small market and therefore does not need extensive investment in developing distribution logistics. Provided you have a good partner, poor infrastructure will be the major challenge.

eCommerce

Overview

E-commerce is still in its infancy, with a few merchants offering this option in Moldova and a few Moldovans used to ordering on-line. However, growing use of the Internet, credit cards, paypal and online banking in Moldova is favoring e-commerce development. Use of e-mail for business communication, is increasingly common. Most companies have their own websites. Some domestic businesses have recently initiated on-line ordering and other e-commerce techniques. Internet banking is becoming increasingly popular. Access to internet and mobile internet is increasing as the use of smartphones is spreading and the local operators are upgrading their infrastructure to 4G and expanding optic fiber networks.

Current Market Trends

Moldova passed a law on e-commerce in 2004 regulating the main aspects of transactions over the Internet introducing such terms as electronic contract. New changes to the law were recently passed in line with Moldova's EU Association Agreement/Deep and Comprehensive Free Trade Area (AA/DCFTA) focusing primarily on the protection of personal data. Moldovans shop online primarily for clothings, shoes, electronic appliances and travel. Recent surveys estimate that 270,000 Moldovans purchase goods and services online every month.

Domestic eCommerce (B2C)

Electronics retailers were among the first to set up on-line stores. Several traditional brick-and-mortar electronics stores followed suit and established specific online stores. Nevertheless, there are a number of eCommerce websites that cover a wide range of consumer products. Unlike traditional retail business, trade entry barriers in this sector are fewer.

Cross-Border eCommerce

Popular among Moldovans are China-based as well as U.S.-based e-commerce websites for on-line purchases of primarily consumer electronics. Footwear and clothing are purchased from France and the U.K.

B2B eCommerce

There is big potential for B2B eCommerce as many on-line stores may be used by small businesses to purchase products. There is potential as companies and SMEs could sell and buy online or shift procurement transactions through the internet, given efforts by the government to promote electronic signatures and use of e-documents.

eCommerce Services

There are a few domestic e-commerce aggregators that compare prices on products sold online, such as [Allprices](#), digitize sales of tickets for different public and social events, like [iTicket](#), deliver restaurant food, such as [Straus](#) and [Foodhouse](#), and help deliver products purchased online from a wide range of US etailers to Moldova, like [Fullship](#) and [Pesoto](#).

eCommerce Intellectual Property Rights

Protecting intellectual property rights (IPR) online is challenging. There are laws in Moldova protecting IPR in the physical world, it is unclear how they apply to ecommerce. IPR considerations for eCommerce can be accessed [here](#).

Popular eCommerce Sites

Among the international and domestic eCommerce websites, which are used by Moldovans are the following:

- [AliExpress](#)
- [Amazon](#)
- [asos](#)
- [bestseller](#)
- [eBay](#)
- [iHerb](#)
- [La Redoute](#)
- [netmarket](#)
- [panda shop](#)
- [rozetka](#)
- [Smad Shop](#)
- [Smart](#)
- [Sports Direct](#)
- [zap](#)

Online Payment

Online payment is rarely used by domestic e-commerce websites, mostly preferring cash on delivery or wire transfers. Credit cards, PayPal and webmoney remain the only viable solution for on-line international transactions.

Mobile eCommerce

With growing rates of mobile penetration and widespread use of smartphones, mobile eCommerce may become a supplement to the e-commerce industry. Mobile internet penetration rates represented 53.3% in 2016, while the total number of mobile internet users grew 30% to reach 1.893 million.

Digital Marketing

In the online media, most digital marketing happens on news and entertainment websites, social networks and classified ads sites.

Major Buying Holidays

While stores in Chisinau announce sales on various occasions linked to national or international holidays (e.g. Valentine's Day or International Women's Day), by far the largest buying holidays are Christmas, New Year's Eve and to some extent Easter.

Social Media

Use of social media has been growing for business promotion and direct marketing. However, most businesses lack well-defined social media strategies. Restaurants and fast food deliveries are usually among the biggest users of social media to promote their business. Facebook, odnoklassniki, and, to a lower extent, Twitter are the most popular social media websites.

Trade Promotion & Advertising

After the uncertainties of the 1990s, the new millennium has seen a burgeoning Moldovan advertising industry, spurred by higher consumption made possible by remittances from the many Moldovans working abroad. Both consumers and companies have begun to appreciate the effectiveness of advertising and the importance of marketing products.

Moldova passed a law on advertising in 1997 that set out advertising standards and rules. All forms of media are widely used (television, newspapers, magazines, radio, outdoor billboards and Internet). However, recent studies show that television and Internet are the most actively used media for advertising, leaving old media such as radio or the press trailing behind. Several international advertising agencies have representatives in Chisinau, including Ogilvy Mather and McCann Erickson.

Major media outlets in Moldova include:

- [National Public Broadcaster Teleradio Moldova](#)
- [Prime TV](#)
- [Jurnal TV](#)
- [Publika TV](#)
- [Realitatea TV](#)
- [Pro TV](#)
- [Komsomolskaya Pravda](#)
- [Logos Press](#)

National trade shows and exhibitions continue to be an effective way to introduce products to local buyers. [MoldExpo](#) is the prime venue for the largest trade shows organized in Moldova.

Pricing

Moldovans are, in general, price-sensitive and attracted to bargains. Nevertheless, high-end products with higher quality may command higher prices and attract status-conscious consumers with financial means. The public is likely to recognize small price differences among various brands. Moldova has been experiencing growing retail and higher imports in recent years. U.S. companies should expect competition from third countries. High-priced items, such as automobiles or apartments, which were traditionally priced and paid for in dollars, have started to be denominated in Euros.

With a few exceptions, a 20 percent value-added tax applies (VAT) to products sold in Moldova. In addition to VAT, imported products are also subject to customs duties and in some instances to excises. Imports from the CIS and Central European Free Trade Area are usually duty free.

Sales Service/Customer Support

Customer support and after-sale service are weaknesses for the vast majority of Moldovan firms. Despite legislation that protects consumers, stores do not readily accept the return of purchased items by customers. The situation is somewhat different for big-ticket items that are usually covered by warranty periods. Firms selling capital equipment or technology should emphasize customer service, product quality, and training for the operation of such equipment and technology.

Protecting Intellectual Property

In any foreign market, companies should consider several general principles for effective management of their intellectual property. For background on these principles please link to our article on [Protecting Intellectual Property](#) and also [Corruption](#).

IP Attaché Contact for Russia, the CIS and Georgia

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Moscow, Russia 12101
Tel. +7 495-728-5508

Due Diligence

Contacting potential agents or distributors from a list at long distance without an introduction or third-party evaluation makes it very difficult to assess a prospective business partner. Basic information about companies is not always readily available in Moldova given the scarcity of information resources and only a fledgling culture of openness and transparency as the country is still in the throes of transition to a truly open society. Under such circumstances, the need for conducting due diligence cannot be overemphasized. The U.S. Embassy can provide a list of legal consulting firms and recommends contacting the American Chamber of Commerce in Moldova. Legal advisers are retained for the usual work of incorporation, obtaining permits, IPR registration, contract preparation, collection and commercial disputes, but are also an excellent resource for identifying potential problems based on their experience in the market.

Local Professional Services

Navigating Moldova's business environment without legal and financial advice may be more expensive than hiring the services of law and accounting firms. Several major Western consulting firms have offices in Moldova. Local law firms can also provide high-quality services. Contacting the American Chamber of Commerce in Moldova is also a good start.

- [American Chamber of Commerce in Moldova](#)
- [Moldovan Association of Advertising Agencies](#)
- [Moldovan Banks Association](#)
- [Moldovan Bankers League](#)
- [Moldovan Association of Private ITC Companies](#)
- [Moldovan Association of Professional Accountants and Auditors](#)
- [International Road Transporters Association of Moldova](#)

- [Moldovan Customs Brokers Association](#)
- [Foreign Investors Association](#)

Principal Business Associations

The principal business association accepting US business membership is the American Chamber of Commerce in Moldova ([AmCham Moldova](#)). AmCham actively lobbies the government and most major US companies operating in Moldova are AmCham members. Other business associations include the Foreign Investors Association (FIA), the European Business Association (EBA), the Foreign Small Business Enterprise Alliance (FSEA) and the Moldovan Chamber of Commerce and Industry.

Limitations on Selling US Products and Services

There are no absolute restrictions on US products or services in Moldova, while the legislation does not limit certain areas of business exclusively to Moldovan citizens or a subset of the population. Applicable legislation may require companies to get registrations, certifications, authorizations and various approvals depending on the type of product or business activity. Pharmaceutical products, medical devices, food products, additives, electronic appliances, firearms, explosives, radioactive materials, banking, etc. are but a few that are subject to regulation. Certain types of business activity require business licensing too.

Web Resources

- [American Chamber of Commerce in Moldova \(AmCham Moldova\)](#)
- [European Business Association](#)
- [Foreign Investors Association](#)
- [Foreign Small Business Enterprise Alliance](#)
- [Moldovan Association of Advertising Agencies](#)
- [Moldovan Banks Association](#)
- [Moldovan Bankers League](#)
- [Moldovan Chamber of Commerce and Industry](#)
- [Moldovan Investment and Export Promotion Organization](#)
- [Moldovan Ministry of Economy](#)
- [Public Procurement Agency](#)

Leading Sectors for US Exports & Investments

Energy

This is a best prospect industry sector for this country. Includes a market overview and trade data.

Overview

Moldova's energy sector relies heavily on imports of electricity and gas. The country covers only about 20% of its annual electricity consumption from regional gas-fired combined heat and electricity power plants and one hydropower plant, the Costesti Hydropower Plant. The remaining 80% is covered by Moldavskaya GRES in the separatist region of Transnistria and/or imports from Ukraine. Moldova's gas consumption almost exclusively relies on Russian gas imports.

The country's electricity distribution network went through restructuring and partial privatization in the past, with Spain's Gas Natural Fenosa privatizing 70% of the electricity network. The government plans to privatize the remaining state-owned power distribution companies, RED Nord S.A. and RED Nord-Vest S.A., and the electric power supply company FEE Nord S.A.

Under the country's energy strategy, Moldova plans to build additional interconnections to Romania's energy system. The strategy sets 2020 as deadline for the construction and commissioning of the interconnections on electricity and gas.

The Iasi-Ungheni gas interconnector was completed in 2015. Plans are underway to extend the pipeline all the way to the capital city of Chisinau. A feasibility study was completed and pipeline design works are currently being conducted. The European Bank for Reconstruction and Development (EBRD) and the European Investment Bank (EIB) are expected to cofinance the new gas trunk pipeline to the tune of EUR 93 million. The total cost of the project is estimated at EUR 110 million.

Feasibility studies financed by EBRD are currently underway to assess costs for the high-voltage interconnector projects to link Moldova to Romania's electricity market.

Leading Sub-Sectors

With the country being net energy dependent, investing in the country's energy security has become a priority for the government. High-voltage interconnections that will require installation of back-to-back stations on the Moldovan-Romanian border represent an opportunity. Such projects will require financing from international financial institutions, World Bank, European Bank for Reconstruction and Development (EBRD) or European Investment Bank (EIB). Three interconnections are being currently considered, with priority given to two: 400 kV Suceava-Balti interconnection estimated at EUR 140 million and 400 kV Issaccea-Vulcanesti-Chisinau estimated at upwards of EUR 190 million.

Opportunities

The Moldovan Government plans to privatize the Costesti Hydropower Plant; electricity distribution companies RED Nord S.A. and RED Nord-Vest S.A.; and electricity supply company FEE Nord S.A.

Other opportunities can be found in the implementation of the high-voltage interconnection projects with Romania, which are currently at the stage of feasibility study.

Another opportunity is the extension of the Iasi-Ungheni pipeline to Chisinau.

Energy efficiency and renewables are other areas of interest and opportunity: wind energy, solar energy, biofuels, energy efficient technologies.

Web Resources

- [Moldovan Investment and Export Promotion Organization](#)
- [Ministry of Economy](#)
- [European Bank for Reconstruction and Development](#)
- [Energy Efficiency Agency](#)
- [Energy Efficiency Fund](#)
- [Moldova-Romania Power Systems Interconnection Project](#)

Agricultural Sector

This is a best prospect industry sector for this country. Includes a market overview and trade data.

Overview

Agriculture has traditionally been and remains the main pillar of the Moldovan economy. The country has favorable soil resources and conditions for agricultural production. The black fertile soil in Moldova is ideal for growing fruit and vegetables. A moderate continental climate with short and relatively warm winters and long hot summers permits early planting, giving producers a strong competitive advantage. Moldovan farmers have experience in a wide variety of agricultural activities. There is also a tradition of hardworking farmers and, more recently, private entrepreneurs interested in investing in Moldova's agriculture. These factors, combined with an affordable labor force, especially in rural areas, favor the production of high-yield, labor-intensive crops that are competitive in export markets. High value agriculture has not yet developed very extensively, and offers a market niche for foreign investors.

Farm lands cover 2.48 million hectares or 75 percent of the country's territory. Of that figure 1.82 million hectares are arable land and 0.3 million hectares are perennial plantations. Agriculture is the most important social sector of the economy, employing over 27 percent of country's labor force. Agricultural production in Moldova's Gross Domestic Product (GDP) usually accounts for around 12 percent. Combined with the food processing industry it represents more than 16 percent of GDP and approximately 45 percent of total exports.

The GOM supports private land ownership but foreigners are not allowed to purchase agricultural land. More than 90 percent of locally processed fruit and vegetables are exported. Historically, agriculture and the food processing industries have been major suppliers to the huge markets of the former Soviet Union. Over 1 million tons of fresh fruits and vegetables are produced annually, with 80% of the total production taking place in individual households.

Moldova offers a large range of agricultural products, such as fruits, vegetables, grains, and livestock. Basic crops are winter and spring grains (wheat, barley, maize) sunflower, sugar beet, potatoes and vegetables, horticultural crops and fruits. The main products in the Moldovan livestock sector are poultry, pork, and beef.

Main varieties of vegetables grown are: tomatoes, onions, cabbage, cucumbers, pumpkins, peppers, carrot, red beet, garlic, squash, eggplant, potherb, and green peas. Fruit production concentrates on: apples, plums, sweet and sour cherries, pears, peaches & nectarines, quinces, apricots, soft fruit, walnuts, table and technical grapes.

Leading Sub-Sectors

The leading subsectors are fruit and vegetable (fresh, dried or frozen), processing of fruits and vegetables, organic farming, walnut production, bioenergy production, berry production, oleaginous plant industry and livestock production.

Opportunities

Opportunities in primary production include orchards, vineyards, vegetable growing in open fields and greenhouses, industrial crop production, etc. Processing is one of the most important and attractive investment categories. Equipment and technology are required for storage, packaging and long distance transportation of fresh products; drying; instant freezing; canning; and the production of ingredients and additives. Other related activities of interest include input supplies. Irrigation, packaging and processing equipment, and agricultural machinery offer other opportunities, as well production and trade of planting materials and agribusiness leasing. Organic farming should take advantage of the increasing demand for organic products. Herbs, spices, and herbal teas could find high-value niche markets.

Web Resources

- [Moldovan Investment and Export Promotion Organization](#)
- [Ministry of Agriculture](#)

Wine Industry

This is a best prospect industry sector for this country. Includes a market overview and trade data.

Overview

The wine industry represents an essential branch of the Moldovan economy. Approximately 15 percent of the national annual budget is formed from incomes generated by viticulture. The total area of wineproducing plantations is 137 thousand hectares of vineyards, including 130 thousand hectares of yielding plantations, with

over 30 types of technical varieties. There are 4 historical wine regions: Valul lui Traian (south west), Stefan Voda (south east), Codru (center), and Balti (north); first three are destined for the production of wines with protected geographic indication. The annual vintage is 400 – 500 thousand tons. Moldovan viticulture can be characterized as including a large variety of species, 90 percent of which represents European ones. Around 20 percent of produced wine is consumed by the domestic market, while 80 percent is being exported.

Leading Sub-Sectors

Wines, new technologies, equipment, various supplies/materials.

Opportunities

Product quality and safety standards in wineries; re-equipping of wineries; installation of seven zone laboratories to determine products' safety and vineyard replanting; nexus to hospitality business.

Good export opportunities on the EU and CIS markets. EU duty free wine quotas. Improving wine quality control. Rich traditions and skilled labor force.

Web Resources

- [Moldovan Investment and Export Promotion Organization](#)
- [Ministry of Agriculture](#)

Information and Communication Services/Software

This is a best prospect industry sector for this country. Includes a market overview and trade data.

Overview

Information and Communication Technology (ICT) is one of the most dynamic economic sectors in Moldova. Recording vibrant growth over the past years, it has reached a share of nearly ten percent of the GDP of the country today and holds potential for further growth. Moldova is also very competitive in terms of skilled ICT professionals with 21,000 employees.

Many Moldovans have strong skills in software development. The educational system continues to emphasize technical education and provides a steady supply of young, technically skilled personnel. Computer Science students represent 6% of the total number of graduates. Every year around 1,500 students graduate Moldovan universities with degrees in computing or a related field, while another 5,000 have math or engineering degrees. Most young IT specialists in Moldova command at least one foreign language in addition to Romanian and Russian. Salaries in the IT sector are higher than in most local industries, but still very much lower than payment for similar work in other European countries. Moldova is an ideal location for locating call centers or doing software development.

Moldova's IT environment is proving a competitive alternative to "classic" destinations. Second-tier IT companies have been successfully using Chisinau for

sourcing operations for fifteen years. It is probably just a matter of time before large global players open centers.

Employees of IT companies may benefit from personal income tax (PIT) incentives for employment salaries earned from such companies – standard taxation being limited to certain monthly amounts (i.e. two national average forecasted salaries). PIT incentives are applicable only for salary income. Other types of income that do not refer to salary remuneration (e.g. benefits in kind, material aids, etc) are taxed at the standard rates. Monthly social security contributions of IT companies are also limited to the income capped at two national average forecasted salaries. The Ministry of Information Technology and Communications has developed a Digital Moldova 2020 Strategy – a policy document that creates the necessary preconditions defining the direction for the future stable development of information technology and communications.

Moldova has one of the bestwired internet connections in the world, as well as one of the cheapest in terms of price per Mbit. The market structure by type of connection also comes to prove that wired internet services in Moldova are at an advanced stage of development, since Fiber Optic is the most common type of connection. Since 2008, all mobile network operators offer 3G HSDPA Internet access throughout the country. LTE was launched in 2012.

Leading Sub-Sectors

Software development has the greatest export potential in the ICT sector. Software companies export about 70 percent of their total production. Major Moldovan partners in this area are the U.S., Russia, the UK, Romania, and Ukraine.

Opportunities

Spare capacity in fixed internet services represents an incentive for anyone interested in internet-based business; setup of international business call centers; software development; internet; mobile internet.

Web Resources

- [Moldovan Investment and Export Promotion Organization](#)
- [Ministry of Information Technology and Communication](#)
- [Association of ICT Companies](#)

Automotive Components Sector

This is a best prospect industry sector for this country. Includes a market overview and trade data.

Overview

The automotive components industry has become the most dynamic sector of the Moldovan economy in recent years. This is due to an increased focus on the unused industrial potential of Moldova and the maintained industrial orientation in the education system (Technical University, technical colleges and vocational schools). Moldova's modern automotive industry foundations build on its strong industrial past. The share of industry in Moldova's GDP represented 60% until the 1990s. Back then,

Moldova was one of the important producers of industrial products among the CIS states and now it revives. Moldova was active in 97 branches of production. 558 industrial enterprises, 21 R&D institutions and 392 thousand workers were part of the industry. Moldova successfully exported 90% of its products from the machine building industry, which represented 20% of total industry output. The foundations of local industry were companies that produced a large variety of products, from TV sets, refrigerators, washing machines to tractors, and exported them to over 60 different countries.

Up to now, large direct investors prefer to locate themselves in Moldova's Free Economic Zones (FEZ), which represent an excellent location for industrial development and production relocation oriented for exports. Important examples would be Lear Corporation, Dräxлмаier Automotive, Gebauer & Griller, Sammy Cablaggi / Kablem, Elektromanufacturing, Confezioni Andrea Covercar, LEONI, SEBN Sumitomo Electric Bordnetze, Fujikura Automotive, Coroplast Fritz Mueller, and APM Automotive.

Leading Sub-Sectors

Production of cables, wiring harnesses for cars, car seat covers, plastic molding injection, metal processing, electronics and electronic components, and assembling.

Opportunities

Free economic zones and industrial parks, where most automotive component businesses are situated, offer the best location for production facilities. Production sites located in these zones enjoy tax incentives and government guarantees. Geographical proximity and Free Trade Agreements with EU and CIS countries makes logistics fast, easy and reliable in all markets. Competitive and well-educated labor force, which is the result of Moldova's industrial past and of a comprehensive education system – although labor shortages have recently been reported in these sectors. At the same time, Moldova features the lowest labor costs in the region.

Web Resources

- [Moldovan Investment and Export Promotion Organization](#)
- [Ministry of Economy](#)

Telecommunications

This is a best prospect industry sector for this country. Includes a market overview and trade data.

Overview

The telecommunications market is dominated by the state-owned company Moldtelecom with 90% market share in fixed telephony. It is a state-owned company founded in 1993 as a result of the restructuring of the telecommunications sector in Moldova. In 1999, the company was reorganized into a joint stock company with the state holding a majority of stock in the company. The government conducted several tenders to privatize Moldtelecom, but they were unsuccessful because the government

did not receive any bids meeting the minimum amount requested. The government plans to conduct a new tender in the future.

Although on a downturn trend, fixed telephony market remains a value-adding component of the telecoms industry in Moldova. An attractive feature of this particular telephony sector in Moldova are the IP Telephony services. The increasing use of IP networks for communication services including applications such as telephony has become a pivotal issue for the telecommunications industry worldwide. The possibility of transmitting voice over IP-based networks, with all its challenges and associated opportunities, such as voice and data integration, constitutes a milestone in the convergence of the communications sector. This advantage can be actively exploited by investing in Moldova since several companies provide this service, which gives its users the opportunity to connect all the offices of the company in one unique network.

Leading Sub-Sectors

Local and international telephone services, Internet.

Opportunities

Tentative terms and details of the Moldtelecom privatization are not currently available. The Public Property Agency (APP) publishes all tender announcements on its website.

Web Resources

- [Moldtelecom](#)
- [Moldovan Investment and Export Promotion Organization](#)
- [Ministry of Information Technology and Communication](#)
- [Public Property Agency](#)
- [Ministry of Economy](#)
- [Government of Moldova](#)

Clothing and Textile (Example Sector)

This is a best prospect industry sector for this country. Includes a market overview and trade data.

Overview

Moldova's textile/apparel cluster is one of the leading export sectors in the country. The sector accounts for 1.5 percent of Moldova's GDP with over 22,000 employees. The proximity to the EU is a key strategic advantage for the country as a supplier of textiles and apparel to European consumer markets. A wide range of products is produced in Moldova, including all types of knitted and women's apparel, lingerie and nightwear, protective clothing, and carpets. Over 250 enterprises are active in the sector. Many local companies began with contracts to process work from the target markets. This type of production is also known as CMT (cut, make, and trim) or by its German name of "Lohnarbeit." The raw materials, trademarks, and design all belong to the contractor. The garment manufacturer puts together the final product. The initial advantages of this type of production are low capital investment, rapid access to new

technologies, and the development of skilled labor. Margins are low but successful companies involved in this production can move towards developing their own product and offering prospective clients a full package.

Many companies are already working for famous European brands and export their products to Italy, Germany, Belgium, and the UK. New opportunities are arising in Moldova as manufacturing costs increase in other production countries, such as Bulgaria and Romania now that they have joined the EU. The developing consumer market in the East demands more garments every year and Moldova's access to markets in CIS as well as the EU is an incentive for placing production facilities in the country.

Leading Sub-Sectors

Textiles, apparel, and carpets.

Opportunities

EU markets are the main destination of the sector's exports. Other strengths are easier access for Moldovan products to the EU, low labor costs, a relatively well qualified labor force, proximity to the CIS markets, and a growing demand for textiles in the region.

Web Resources

- [Moldovan Investment and Export Promotion Organization](#)
- [Ministry of Economy](#)

Customs, Regulations & Standards

Trade Barriers

While overall Moldovan customs and trade laws are in compliance with WTO requirements, inconsistent implementation of WTO rules sometimes remains a barrier to trade. These inconsistencies, such as imposition of arbitrary requirements of additional certificates or permits, informal use of quotas on some imports or discriminatory treatment of companies importing foreign-manufactured goods can constitute into non-tariff barriers to trade.

Import Tariff

Wedged between Romania and Ukraine, Moldova actively promotes free trade with its immediate neighbors and main trade partners. The orientation of Moldova's economic and trade policies is largely driven by the goal of accession to the EU. It was among the first CIS countries to join the WTO in July 2001. Moldova's tariff policy is based on the trade regime and norms established by the WTO. Moldova grants at least MFN treatment to all its trading partners.

Moldova is a member of the CIS free trade agreement and adheres to the multilateral Central European Free Trade Agreement (CEFTA), which comprises, besides Moldova, Albania, Bosnia and Herzegovina, Croatia, Kosovo, Macedonia, Montenegro, and Serbia. On June 27, 2014, Moldova and the EU signed an Association Agreement (AA) and Deep and Comprehensive Free Trade Area (DCFTA) and then applied it provisionally since September 1, 2014. Moldova's AA/DCFTA came fully into force on July 1, 2016 following ratification.

As a member of the World Customs Organization, Moldova applies import tariffs on goods classified pursuant to the international Harmonized Commodity Description and Coding System (HS). Customs duties are assessed on the value of goods (ad valorem duty), in-kind quantity or a combination of the two. The ad valorem customs duty has the widest application, ranging from zero to 25 percent of the value of imported items. Duties assessed on the in-kind quantity of goods, called specific duties, are usually applied to alcohol and tobacco items. A combination of the two is applied to a range of imported meat products. Besides the customs duties, the Moldovan Customs Service may also levy so-called exceptional duties – safeguard duty, anti-dumping duty or countervailing duty. The only exceptional duty applied in the past was a safeguard duty on sugar imports.

The average rate of customs duties is 6.3 percent for all goods. The average rate is 4.4 percent for manufactured products and 13.5 percent for agricultural products. At the same time, Moldova applies a zero percent rate on more than 35 percent of products in the tariff schedule.

In addition to import tariffs, imported goods are usually subject to a 20 percent value added tax. Customs may assess excise taxes on certain goods. Also, companies must pay customs processing fees, which are determined on a case-by-case basis and depend on the value and final destination of goods, but the general rule is to apply a 0.4 percent fee on the value of processed goods.

Import Requirements & Documentation

The person conveying goods and vehicles across a customs border or the authorized customs broker representing an importer must declare goods and vehicles for customs clearance. Importers must submit customs declarations in writing or electronically within 72 hours following importation into the customs territory of Moldova. A customs declaration must be filled out for every commercial invoice. A customs declaration has to be accompanied by a contract, invoice, certificate of origin, customs transit document, packing list, terminal handling receipts, and certificate of conformity. In addition, companies may have to submit business registration documentation, licenses, and other authorizations, which will vary depending on the product and business activity. For export transactions, customs may also require that businesses submit currency repatriation statements required by foreign exchange regulations.

The use of licensed customs brokers can help navigate the complex procedure of customs clearance, reduce interaction with customs, and prevent extra costs because of insufficient knowledge of all relevant regulations. A list of licensed customs brokers can be found [here](#).

As of 2013, Moldovan Customs applies simplified clearance procedures on businesses that meet a set of reliability criteria. Compliant businesses enjoy priority at border crossing, fewer customs controls, fewer formalities to be met, etc.

Labeling/Marking Requirements

The Law on Consumer Protection prohibits the import and sale of products and services without complete, truthful, and correct information in Romanian. This, however, does not translate into an outright ban on the import of products that do not carry labels in Romanian. Importers have the option of committing goods to customs bonded warehouses and affixing the legally required labels on products in order to get customs clearance for imported goods.

Moldovan legislation requires that manufacturers (packaging companies) present information about the name of the product, name and mark of the manufacturer (or importer), company location, weight or volume, main qualitative characteristics, composition, additives, country of origin, validity period, date of production, guarantee period, relevant hazards as well as prescriptions for use, handling, warehousing, preservation, and storage.

Durable goods have to be accompanied by a warranty certificate, technical specifications and operations manual.

The labeling of food products is regulated by a separate law. Besides the information mentioned above, labels should also carry information about ingredients. In addition, labels must carry information about the following foods and ingredients known to induce hypersensitive reactions regardless of their quantity:

- cereals that contain gluten, e.g. wheat, barley, rye, oat or hybrids and products thereof;
- crustaceans and products thereof;
- eggs and products thereof;
- fish and products thereof;
- peanuts, soya and products thereof;
- milk and dairy products, including lactose;

- walnuts and products thereof;
- sulfites in concentrations of 10 mg/kg or more.

Moldovan legislation has specific information requirements for labels on foods, which may vary by the type of food, ingredients used and production technologies. Besides laws, such requirements are also contained in technical regulations.

U.S. Export Controls

The Bureau of Industry and Security (BIS) at the U.S. Department of Commerce is responsible for implementing and enforcing the Export Administration Regulations (EAR), which regulate the export and re-export of most commercial items. The items that BIS regulates are often referred to as “dual use” since they have both commercial and military applications. Please note that even commercial items without an obvious military use may be subject to the EAR. For more information please visit this [site](#).

A list that consolidates eleven export screening lists of the Departments of Commerce, State and the Treasury into a single search as an aid to industry in conducting electronic screens of potential parties to regulated transactions is available [here](#).

Temporary Entry

The temporary entry of goods designated "temporary admission" by Moldovan law is allowed with full or partial exemption from customs duties. Customs must issue an authorization based on an application from the importer. The government regulates the list of goods enjoying full relief from customs duties as well as the terms for such relief. For the temporary admission of such goods importers are relieved of the obligation to submit a customs declaration. The period of full exemption is typically no longer than 12 months. However, certain goods can be introduced into Moldova without payment of duties for periods shorter than six months.

The list of goods that enjoy full exemption is as follows:

- professional equipment and materials, which may include computers, cameras, measuring devices, recorders, TV transmitters, special purpose vehicles, etc.;
- commercial samples and goods for display in trade shows, fairs, conferences, and the like;
- goods to be used for educational, scientific or cultural purposes;
- medical, surgical and laboratory equipment to be used in health care institutions;
- packaging, which may include containers and pallets;
- travelling equipment and materials as well as goods to be used in sports events held on the customs territory of Moldova;
- live animals;
- touristic advertising materials; and
- goods used in small border traffic.

Even if the temporarily imported items enjoy full exemption, Customs may require the importer to provide guarantees for payment of any customs duties that arise.

All other goods that do not fall in the full-exemption category enjoy only partial relief according to customs regulations. When partial relief is applied, importers have to pay five percent of the amount of customs duties for each calendar month of the duration of the temporary entry. The temporary entry of such goods cannot be longer than three years. If sufficient reason is provided, customs may extend the period of temporary entry.

Temporarily admitted goods have to be re-exported in their initial state, except for natural wear and tear. During the temporary admission period, such goods shall remain in foreign ownership at all times. Such goods may not be sold, rented, sub-rented, pledged, transferred or put at the disposal of another person in Moldova without the Customs Service's approval and payment of customs duties.

Since June 2010, Moldova accepts ATA carnets for simplification of customs clearance procedures related to temporary entry of goods.

Prohibited & Restricted Imports

The law on general product safety prohibits dangerous products from being placed on the market. The Customs Code notes that Moldovan legislation can prohibit or restrict certain goods or transport means from being introduced into or taken out of Moldova for reasons of state security, assurance of public and moral order, environmental protection, protection of art objects, protection of objects of historical or archeological value, protection of intellectual property rights, protection of the domestic market, and protection of other public interests. Moldovan legislation has special provisions dealing with strategic goods, weapons, munitions, dual-use goods, radioactive and toxic substances, and food products. Certain restrictions apply on ethylic alcohol, tobacco products and oil products. The import of such products is subject to license or permission from various authorities, most notably the Licensing Chamber.

Temporary import prohibitions are also applied in line with the latest updates on hazardous diseases from the World Organization of Animal Health (OIE) and based on EU legislation for certain diseases.

Importers have to check first with Moldovan customs on any existent limitations or restrictions.

Customs Regulations

Procedures related to customs clearance are regulated by a series of laws and regulations. To name but a few: Customs Code, Law on Customs Tariff, Tax Code, Law on State Regulation of Foreign Commercial Activity, and Law on Licensing.

For further information, please refer to the [Customs Service](#).

Standards for Trade

Overview

Moldova inherited its principles of metrology, standardization, testing, and quality from the Soviet era, where manufacturers had to follow compulsory standards. The country's transition to free-market economy, coupled with the accession to the WTO in 2001, triggered a revision of the old system and movement toward a philosophy that

standards are industry-initiated and market-driven. New laws were passed in keeping with Moldova's WTO commitments and aspirations for European integration. The country has increased its efforts to harmonize its quality assessment system with European standards especially after signing the AA/DCFTA.

The major functions of accreditation, certification, and market surveillance have been separated. Starting in 2007, all national standards became voluntary. The country is adopting a number of technical regulations, mainly transposing EU directives and regulations.

Standards

The country's central standardization organization is the National Institute for Standardization. The Institute adopts standards and maintains the national fund of standardization documents.

Moldova originally adopted a number of Soviet GOST (state standards developed in the Soviet Union). Under its AA/DCFTA, Moldova has to adopt the body of European standards. To date, some 10,200 (43%) out of 23,500 European standards (CEN/CENELEC) have become Moldovan national standards, including the harmonized standards of which almost all have been transposed (97%). The number of the withdrawn conflicting standards (including GOST) remains small. Overall, approximately 60% of the existing 27,700 national standards still represent the former CIS standards (GOST).

Moldova is a correspondent member of the International Organization of Standardization (ISO) and the International Organization of Legal Metrology (OIML); an associate member of the International Electrotechnical Commission (IEC), the European Committee for Electrotechnical Standardization (CENELEC), the European cooperation for Accreditation (EA), and the Meter Convention; an affiliated member of the European Committee for Standardization (CEN), and the International Laboratory Accreditation Cooperation (ILAC); full member of the Euro-Asian Cooperation of National Metrological Institutions (COOMET); and an observer to the European Telecommunications Standards Institute (ETSI).

Moldova is a member of the Codex Alimentarius Commission, the World Organization for Animal Health (OIE), the World Health Organization (WHO), and the International Plant Protection Convention (IPPC). It is also member of the European and Mediterranean Plant Protection Organization (EPPO).

Testing, inspection and certification

The Ministry of Economy is responsible for the development of policy in the field of standardization, metrology, accreditation and conformity assessment, and for overseeing the following public institutions: National Institute of Standardization (NIS), National Institute of Metrology (NIM), National Center of Accreditation (MOLDAC), and Consumer Protection Agency (CPA).

Products certified in the country of origin, with which Moldova has signed agreements on mutual recognition of results of product conformity assessment, undergo a

procedure of recognition of the certificates of conformity. Moldova has signed such agreements with a number of CIS states. Starting with June 2012, the country recognizes EU-issued certificates of conformity and test reports translated into Romanian.

[National Institute for Standardization \(NIS\)](#)

[National Center of Accreditation \(MOLDAC\)](#)

Full registry of recognized conformity assessment bodies can be found [here](#).

[Consumer Protection Agency](#)

Publication of technical regulations

Central public authorities work out and approve technical regulations for their areas of responsibility. Technical regulations are published in the official gazette *Monitorul Oficial*.

Contact Information

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office@standard.md

[National Food Safety Agency \(ANSA\)](#)

Str. Mihail Kogalniceanu 63, Chisinau MD2009, Moldova

Tel. (373 22) 29 47 30

Trade Agreements

Moldova has signed free trade agreements with 43 countries, among them member states of the Commonwealth of Independent States, the Central European Free Trade Agreement (CEFTA), European Union (AA/DCFTA) and Turkey.

Licensing Requirements for Professional Services

Moldovan authorities require mandatory documents for businesses to conduct a number of activities. The full list of such activities are regulated by the Law on Regulation of Entrepreneurial Activity. Among a total list of 48 business activities subject to licensing are auditing, banking, insurance and private medical assistance. Consultancy is not among licensed business activities. Nevertheless, some professions require proof of qualifications. Professional lawyers will have to pass tests to be members of the Moldovan Bar Association in order to practice law. The proficiency in finance for individual auditors will have to be certified by the Ministry of Finance or the National Bank of Moldova.

Web Resources

- [Customs Service](#)

- [Ministry of Economy](#)
- [The Bureau of Industry and Security](#)
- [National Institute for Standardization](#)
- [National Center of Accreditation](#)
- [Consumer Protection Agency](#)
- [National Food Safety Agency](#)

Investment Climate Statement

Executive Summary

Former Soviet republic Moldova has made some progress towards adopting the principles of a free-market democracy since gaining its independence in 1991, but still has significant shortcomings in its investment climate. In June 2014, Moldova signed an Association Agreement (AA) with the European Union (EU), including a Deep and Comprehensive Free Trade Agreement (DCFTA), committing the government to a course of reforms to bring its governmental, regulatory, and business practices in line with EU standards. Moldova hopes that implementation of the DCFTA will integrate it further into the European common market and create more opportunities for investment in Moldova as a bridge between Western and Eastern European markets.

After political volatility stalled reforms in 2015, a Democratic Party-led parliamentary majority installed a new government in early 2016, which declaring its intent to pursue greater integration with the EU. Reforms made during 2016 helped restore donor budget support and secure a three-year IMF program worth about USD 180 million. The current government approved an Action Plan for reforms, including EU integration and IMF requirements, in late 2016 with approval by parliament in early 2017.

The business climate in Moldova is challenging. Although the many underdeveloped sectors offer opportunities, investors should proceed with caution. While a number of large foreign companies have taken advantage of tax breaks in the country's free economic zones, foreign direct investment remains low. Finance, automotive, light industry, agriculture, food processing, wine, and real estate have historically attracted foreign investment. The National Strategy for Investment Attraction and Export Promotion 2016-2020 identified seven priority sectors for investment and export promotion: agriculture and food, automotive, business services such as business process outsourcing (BPO), clothing and footwear, electronics, information and communication technologies (ICT), and machinery.

The government has also identified seven priority areas for development and reform in its National Development Strategy "Moldova 2020": education, access to financing, road infrastructure, business regulation, energy efficiency, justice sector reform, and social insurance. Based on that strategy, the government will set out a new 2016-2018 action plan for a business regulatory framework reform to facilitate day-to-day business activity.

The major investment climate concerns in 2017 include uncertainties related to opposing political agendas between the cabinet and the president, the lack of public trust in the government as well as public and private institutions, continuing fragility of the banking sector, and instability in the wider region.

Table 1

Measure	Year	Index/Rank
TI Corruption Perceptions Index	2016	123 of 175
World Bank's Doing Business Report "Ease of Doing Business"	2016	44 of 190

Global Innovation Index	2016	46 of 128
U.S. FDI in partner country (\$M USD, stock positions)	2015	USD 2 million
World Bank GNI per capita	2015	USD 2,240

Openness to and Restrictions upon Foreign Investment

Policies Towards Foreign Direct Investment

Moldova, one of the poorest countries in Europe, relies heavily on foreign trade and remittances from its workers abroad for its economic growth. Under Moldovan law, foreign companies enjoy national treatment in most respects. In principle, the government views FDI as vital for sustainable economic growth and poverty reduction. However, the amount of FDI received is far below what Moldova needs to create jobs and promote economic growth.

Moldova enjoyed a period of increased FDI with eastward expansion of the EU into Romania on January 1, 2007. However, the 2008 global financial crisis significantly decreased FDI in Moldova, which has yet to return to pre-crisis levels. Remittances have also not regained their 2008 levels and have been falling further in recent years, reflecting slower growth in the region and the falling value of the Russian ruble (most remittances are from workers paid in Russian rubles.)

Moldova’s development path in recent years has been guided by agreements with the EU for reforms in trade policy and the judiciary. Following the expiration of a Moldova–EU Action Plan in 2008, Moldova negotiated its Association Agreement with the EU, which was signed in June 2014 and ratified on July 1, 2016. Moldova hopes the Association Agreement will bring closer political association and economic integration with the EU. The DCFTA, a component of the Association Agreement, provides for mutual elimination of customs duties on industrial and most agricultural products and for further liberalization of the services market. It also addresses other barriers to trade and reforms in economic governance, with the goal of strengthening transparency and competition and adopting EU product standards. Moldova hopes to eventually join the common EU market.

As a country with a small economy, Moldova hopes a liberalized trade and investment strategy will increase the export of its goods and services.

The government has approved an activity program for 2016–2018 that centers on EU integration, with the ultimate goal of applying for EU membership. The program also sets economic development, creation of well-paid jobs, elimination of corruption, and rule of law among key objectives. The government also approved an Action Plan for the implementation of the Moldova–EU Association Agreement and DCFTA for the period 2017–2019. The government has identified in its national development strategy "Moldova 2020" seven priority areas for development and reform: education, access to financing, road infrastructure, business regulation, energy efficiency, justice system, and social insurance. The government has made a formal commitment to accelerate the country’s development by making the economy more capital-intensive, sustainable, and knowledge-driven.

Limits on Foreign Control and Right to Private Ownership and Establishment

There are no formal limits on foreign control, with the significant exception that foreigners are expressly prohibited from owning agricultural or forest land. Under Moldovan law, foreign companies enjoy national treatment in most respects. The Law on Investment in Entrepreneurship prohibits discrimination against investments based on citizenship, domicile, residence, place of registration, place of activity, state of origin, or any other grounds. The law provides for equitable and level-field conditions for all investors and rules out discriminatory measures hindering management, operation, maintenance, utilization, acquisition, extension, or disposal of investments. Local companies and foreigners are to be treated equally with regard to licensing, approval, and procurement. Companies registered in questionable tax havens are prohibited from holding shares in commercial banks and restrictions on foreign ownership of agriculture and forestry lands.

By statute, special forms of legal organizations and certain activities require a minimum of capital to be invested (e.g., MDL 20,000 (USD 1,000) for joint stock companies, MDL 15 million (USD 750,000) for insurance companies, and MDL 100 million (USD 5 million) for banks).

Moldovan law restricts the right to purchase agricultural and forest land to Moldovan citizens. Foreigners may become owners of such land only through inheritance and may only transfer the land to Moldovan citizens. In 2006, Parliament further restricted the right of sale and purchase of agricultural land to the state, Moldovan citizens, and legal entities without foreign capital. However, foreigners are permitted to buy all other forms of property in Moldova, including land plots under privatized enterprises and land designated for construction. There are reportedly Moldovan-registered companies with foreign capital known to own agricultural land by means of loopholes in the previous law. The only straightforward option available to foreigners who wish to use agricultural land in Moldova is to lease the land.

Other Investment Policy Reviews

The latest Investment Policy Review of Moldova was conducted by the United Nations Conference on Trade and Development (UNCTAD) in 2013 and can be accessed [here](#).

Moldova was last subject to a trade policy review by the World Trade Organization (WTO) in October 2015. The document can be accessed [here](#).

Business Facilitation

The government has taken steps over the years to simplify and streamline the process of business registration and licensing, lowering tax rates, strengthening tax administration, and increasing transparency.

Business registration is overseen by the Moldovan State Registration Chamber, which keeps the State Register of Legal Entities and Individual Entrepreneurs. By law, registration should take five days for a standard procedure or four hours for an expedited procedure and is done in two stages. The first stage involves submission of an application and a set of documents, the range of which may vary depending on the legal form of the business (LLC, joint-stock company, sole proprietorship, etc.). At the second stage, the State Registration Chamber issues a registration certificate and a unique identification number for the business, conferring full legal capacity to the entity. In 2010, the government introduced the “one-stop-shop”

principle, under which businesses are relieved of the requirement to register separately with fiscal, statistical, social security, or health insurance authorities. There are currently no procedures for online business registration.

The government took further steps to deregulate construction projects by reducing the number, cost and time of administrative procedures needed to obtain building permits. To further protect businesses from arbitrary inspection, in 2012 parliament passed a law that regulates the timing and the types of checks various authorities can conduct on businesses. Businesses submit electronic reports for statistical, tax or social security purposes. Starting in 2012, businesses are able to apply online to get licenses. In 2014, tax authorities introduced an online tax filing and payment system for businesses. In 2016, the government announced a so-called moratorium on state inspections in a bid to improve legislation dealing with state checks to bring some order and predictability in conducting such checks. The moratorium on inspections caused a reduction by half in inspections per company – now two per year. As next steps the government plans to reduce further the number of inspecting bodies, regulatory agencies and business authorizations.

Certain types of activity listed in the law on licensing entrepreneurial activity require businesses to be first licensed by public authorities. A business license may be obtained through an [online platform](#) recently launched by the Moldovan Licensing Chamber.

In March 2006, the Moldovan Parliament ratified the 1961 Hague Convention on Abolishing the Requirement for Legalization for Foreign Public Documents. Acceptance of U.S. apostilles applied on official documents simplifies the legalization of official documents issued in the United States that are required in the process of business registration.

Moldova has an investment promotion agency called Moldovan Investment and Export Promotion Organization (MIEPO) to assist prospective investors with information about business registration or industrial sectors, facilitate contact with relevant authorities, and organize study visits. MIEPO has an investment guide available on its [website](#).

The government set up a special council for promoting investment projects of national importance to tackle red tape holding back the launching of large business investments.

Outward Investment

Moldova does not have an official policy or mechanism of promoting or incentivizing outward investment.

Bilateral Investment Agreements and Taxation Treaties

Moldova has signed bilateral investment protection and promotion agreements with 42 countries. In addition to the United States, these include Albania, Austria, Azerbaijan, Belarus, Belgium, Bosnia and Herzegovina, Bulgaria, China, Croatia, the Czech Republic, Cyprus, Estonia, Finland, France, Georgia, Germany, Greece, Hungary, Iran, Israel, Italy, Kuwait, Kyrgyzstan, Latvia, Lithuania, Luxembourg, Montenegro, the Netherlands, Poland, Qatar, Romania, Russia, Slovakia, Slovenia, Spain, Switzerland, Tajikistan, Turkey, Ukraine, the United Kingdom and Uzbekistan.

Moldova has a bilateral treaty with the United States on the Encouragement and Reciprocal Protection of Investment. Moldova has not signed a separate bilateral taxation treaty with the United States; however, the U.S. Government applies the Convention on Matters of Taxation signed with the USSR on June 20, 1973, which also deals with avoidance of double taxation, to former Soviet republics, including Moldova.

Moldova has signed free trade agreements with 43 countries, among them member states of the Commonwealth of Independent States (CIS) and the Central European Free Trade Agreement (CEFTA). In 2008, Moldova moved from the extended generalized system of preferences (GSP-plus) with the EU to autonomous trade preferences, which expanded the duty-free access of Moldovan goods to EU markets. In September 2014, the Deep and Comprehensive Free Trade Agreement (DCFTA) supplanted the Autonomous Trade Preferences regime.

Legal Regime

Transparency of the Regulatory System

The Moldovan government publishes significant laws in draft form for public comment. Draft laws are also available on-line on the website of Moldovan Parliament. Business and trade associations provide other opportunities for comment. The working group of the State Commission for Regulation of Entrepreneurial Activity, which was established as a filter to eliminate excessive business regulations, meets weekly to vet draft governmental regulations dealing with entrepreneurship. The working group's meetings are open to interested businesses. Laws and regulations are published in the official gazette called Monitorul Oficial, while a database of laws and regulations is available online [here](#).

Bureaucratic procedures are not always transparent, and red tape often makes processing registrations, ownership, etc. unnecessarily long, costly, and burdensome. Discretionary decisions by government officials provide room for abuse and corruption. While the government has adopted a number of laws to improve the business environment and reduce excessive state controls and regulation, effective implementation of these laws is often lacking.

Moldova made a commitment to implement International Financial Reporting Standards (IFRS) in 2008. Since January 1, 2015, Moldova has been applying new national accounting standards based on IFRS and EU directives. Use of IFRS has been required by law for all public interest entities since 2011. Public interest entities are defined as financial entities, investment funds, insurance companies, private pension funds, and publicly listed entities.

The Foreign Investors Association (FIA) was established in 2004 with the support of the OECD. The FIA engages in a dialogue with the government on topics related to the investment climate and produces an annual publication of concerns and recommendations for the improvement of the investment climate. In 2006, the American Chamber of Commerce (AmCham) registered in Moldova, representing another voice for the business community. In 2011, a group of ten large EU investors founded the European Business Association (EBA.)

Since 2008, the National Business Agenda supported by the U.S. Center for International Private Enterprise (CIPE) has organized 30 domestic business associations, putting forth an

annual list of priorities in their dialogue with the authorities. These priorities deal with the general business environment and regulatory framework.

Since 2004, the government has been taking steps to reduce excessive government regulation of business activity. All regulations and governmental decisions related to business activity have been published in a special business registry "Register of Regulations on Business Activity" in order to raise the awareness of business people about their rights, increase the transparency of business regulations and help fight corruption. The Law on Basic Principles Regulating Entrepreneurial Activity was passed in August 2007. The government has started applying a regulatory impact assessment (RIA) to all draft laws and acts bearing on business activity to enhance transparency in the drafting of laws and regulatory acts.

As part of a USAID-backed program, the Ministry of Economy reviewed the number of permits and authorizations issued to businesses as well as the number of authorities issuing such documents. As a result, government approved a list of business permits and authorizations and banned governmental agencies and inspections from issuing or requesting any form of documents not included in the list.

In 2012, parliament passed a law to introduce clear and uniform rules for the release of information and standardized documents through a "one-stop window."

The World Bank Cost of Doing Business 2016 survey shows that the time spent by companies dealing with regulatory authorities decreased in 2016, after a decade of no meaningful change. Despite reported improvements, the survey notes that only 13% of business managers consider that the business climate really improved in 2016. 60% of managers do not see significant change, while 27% believe it has worsened. In 2016, the government made a decision to merge several agencies – the State Registry, Cadastral Office, the Licensing Chamber, State Registration Chamber and Civil Status Archive – into a Public Service Agency.

International Regulatory Considerations

European integration is a fundamental priority for Moldova's current government. The Association Agreement (AA) including a Deep Comprehensive Free Trade Area (DCFTA) significantly strengthens Moldova's political association and economic integration with the European Union. The AA/DCFTA has binding regulatory provisions committing Moldova to a reform agenda and to approximating domestic legislation to EU standards in a range of areas including corporate law, labor, consumer protection, competition and market surveillance, general product safety, tax, energy, customs duties, public procurement, etc. Under the DCFTA, Moldova will gradually abolish duties and quotas in mutual trade in goods and services, and will eliminate non-tariff barriers by adopting EU rules on health and safety standards, as well as intellectual property rights, among others. The agreement contains a timeframe for implementation of provisions with deadlines of up to ten years.

Moldova has been a member of the World Trade Organization (WTO) since 2001 and, as such, is a signatory to the General Agreement on Trade in Services (GATS), the Agreement on Trade Related Investment Measures (TRIMs) and the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). These agreements contain major investment-related provisions, such as opening to the establishment of foreign service providers, prohibition of local-content, trade-balancing and domestic-sales requirements (TRIMs), and protection of

intellectual property of investors (TRIPS). No major inconsistencies with WTO TRIMS have been reported.

As a WTO member, Moldova has to notify draft technical regulations to the WTO Committee on Technical Barriers to Trade.

As a result of negotiations connected with Moldova's accession to the WTO, modern commercial legislation was adopted in accordance with WTO rules. The main challenges to the business climate remain the lack of effective and equitable implementation of laws and regulations, and arbitrary, non-transparent decisions by government officials who may apply measures that put domestic producers at an advantage in relation to foreign competitors in certain areas. For example, an environmental tax is applied on bottles and other packaging of imported goods, while such a tax is not levied on bottles and packaging produced in Moldova. Additionally, the government may cite public security or general social welfare as reasons to intervene in the economy in contravention of its declared respect for market principles.

Legal System and Judicial Independence

Moldova has a civil law legal system with codified laws that govern different aspects of life, including business, trade, and economy. The country's legal framework consists of its constitution, organic, and ordinary laws passed by the parliament and normative acts issued by the government and other public authorities. Moldovan courts are nominally independent from government and political interference, but suffer from low efficiency and lack of popular trust.

Starting 2003, the court system has undergone several changes that eliminated economic courts, which were seen as fertile soil for corruption, and currently consists of lower courts (i.e. trial courts), four courts of appeal, and the Supreme Court of Justice.

Moldova is preparing a new justice reform strategy while extending the implementation period for a current reform strategy ending in 2016 due to delays during the implementation period.

Parliament passed amendments in 2016 optimizing the country's court system as part of the larger justice sector reforms, which will reduce the number of trial courts in Moldova. All specialized courts such as the Commercial Circumscription Court and Military Court will cease their activities. Five trial courts from Chisinau will be merged into one court – the Chisinau trial court, while that Chisinau court's jurisdiction will also include adjudication of commercial disputes.

In 2016, Moldova continued reforms in the prosecution system. Two specialized independent prosecution offices were created. The Anticorruption Prosecution Office is responsible for investigating and prosecuting, corruption, bribery and abuse of power by public officials. The Prosecutor's Office on Combating Organized Crime and Special Cases will investigate and prosecute organized crime, including tax evasions, smuggling, intellectual property crimes, trafficking in persons, drugs, etc.

The government has also reformed the public integrity system by creating the National Integrity Agency (NIA) – the successor to the National Integrity Commission. The new Integrity Agency will be staffed with 30 investigators who will be in charge of checking public

officials' financial disclosures, properties and conflicts of interests. However due to the lack of funding and burdensome administrative planning, the Agency has yet to start functioning.

Also, in 2016 parliament passed a new law on disclosure of assets and conflicts of interest by public officials. This law, long-awaited by Moldovan civil society, should broaden and improve the competencies of integrity-checking authorities to oversee public officials' integrity. Parliament has also introduced new statutes in the Criminal Code criminalizing the misuse of international assistance funds. This statute will help identify and investigate any corruption or misuse of international donors' assistance by Moldovan public officials in public acquisitions, technical assistance programs, and grants.

Laws and Regulations on Foreign Direct Investment

In addition to its international agreements, Moldovan laws affecting FDI include the Civil Code, the Law on Property, the Law on Investment in Entrepreneurship, the Law on Entrepreneurship and Enterprises, the Law on Joint Stock Companies, the Law on Small Business Support, the Law on Financial Institutions, the Law on Franchising, the Tax Code, the Customs Code, the Law on Licensing Certain Activities, and the Law on Insolvency.

The current Law on Investment in Entrepreneurship came into effect in 2004. It was designed to be compatible with European standards in its definitions of types of local and foreign investment. It provides guarantees of investors' rights, non-application of expropriation or similar actions, and for payment of damages if investors' rights are violated. The law permits FDI in all sectors of the economy, while certain activities require a business license.

Competition and Anti-Trust Laws

The government established a National Competition Agency in 2007. However, foreign investors accused the agency of abuse, lack of experience, and flawed antitrust legislation after they were singled-out for investigations. As a result, in 2012, Parliament passed a new law on competition that was consistent with EU practice and legislation. The National Competition Agency was subsequently renamed the Competition Council. The Competition Council oversees compliance with competition and state-aid provisions and initiates examination of alleged violation of competition laws. The Competition Council may request cessation of action, prescribe behavioral or structural remedies, and apply fines.

Expropriation and Compensation

The Law on Investment in Entrepreneurship states that investments cannot be subject to expropriation or to measures with a similar effect. However, an investment may be expropriated if the expropriation is done for purposes of public utility, is not discriminatory, and is done with just compensation. If a public authority violates an investor's rights, the investor is entitled to compensation equivalent to the actual damages at the time of occurrence, including any lost profits. Compensation must be paid in the currency in which the original investment was made or in any other convertible currency.

The government has given no indication of intent to discriminate against U.S. investments, companies or representatives by expropriation, or of intent to expropriate property owned by citizens of other countries. No particular sectors are at greater risk of expropriation or similar actions in Moldova.

Since 2001, the government has cancelled several privatizations, citing the failure of investors to meet investment schedules or irregularities committed during privatization. While the government agreed to repay investors in such disputes, investors have had to apply to the European Court of Human Rights (ECHR) to enforce compensation payments. The government has been compliant with the ECHR rulings involving foreign businesses.

In the past, the limit on foreign ownership of agricultural land was reportedly used in lawsuits as an argument against foreign companies.

Dispute Settlement

ICSID Convention and New York Convention

In 2011, Moldova ratified the Convention on the International Center for the Settlement of Investment Disputes (ICSID - Washington Convention). The country also ratified the New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitral Awards. Moldova is also a party to the Geneva European Convention on International Commercial Arbitration of April 21, 1961, and the Paris Agreement relating to the application of the European Convention on International Commercial Arbitration of December 17, 1962.

Investor-State Dispute Settlement

Moldova is signatory to a number of bilateral investment treaties (see chapter 3 above), including the U.S.-Moldovan Treaty Concerning the Encouragement and Reciprocal Protection of Investment, which make binding international arbitration of investment disputes. There have been no known claims made by U.S. investors under the treaty.

Local courts recognize and enforce foreign arbitral awards against the government. There are no known cases when the Moldovan government denied voluntary payment under an arbitral award rendered against it.

The government has had a history of depriving investors, both national and foreign, of their businesses in various forms. Most of them sued the government at the European Court for Human Rights for violation of the right to fair trial and of the respect for property.

International Commercial Arbitration and Foreign Courts

Private parties may choose alternative dispute resolution mechanisms instead of going to courts. Moldovan law provides the options of mediation and arbitration. The arbitration legislation is modeled after UNCITRAL rules. There are a number of arbitration bodies available in Moldova, among them the most popular is the arbitration court of the Moldovan Chamber of Commerce and Industry. The American Chamber of Commerce in Moldova (Amcham Moldova) has recently set up the Chisinau Court of International Commercial Arbitration (CACIC) under its aegis.

Moldova is a party to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards. Domestic courts recognize and enforce foreign arbitral awards.

Recognition and enforcement of foreign judgments are regulated by a complex framework of documents, including the Code for Civil Procedures, international conventions and bilateral treaties. Therefore, depending on the nationality of the court, Moldovan courts may apply

different legal norms in examining the enforcement of foreign judgments. However, as a general rule, foreign judgments are enforceable in Moldova on reciprocity basis.

Moldova's court system generally enjoys a low level of public trust and is perceived to be vulnerable to acts of corruption, while court processes lack transparency. The overall expectation in court hearings involving representatives of public authorities, including economic entities, is that final court rulings will be in favor of state representatives.

Bankruptcy Regulations

In terms of resolving insolvency, the World Bank ranks Moldova 60th out of 190 economies in 2016. Moldova scores below the regional average and trails EU members in central and eastern Europe. The country has changed its insolvency law to grant priority to secured creditors and to ease insolvency proceedings by introducing new restructuring mechanisms, reducing opportunities for appeals, adding moratorium provisions, establishing strict statutory periods in the proceedings and enhancing the role of insolvency administrators. The law has also introduced expedited insolvency proceedings.

Industrial Policies

Investment Incentives

Investment incentives apply to all Moldovan-registered businesses irrespective of the country of origin of the investment. Certain incentives apply only in specially-designated areas such as free economic zones and industrial parks (see below: Foreign Trade Zones/Free Ports/Trade Facilitation). Until 2020, Moldovan legislation allows employees of IT companies to benefit from incentives on personal income tax and social security contributions. Also, starting January 1, 2017 a new law on information technology parks sets a single tax for residents of IT parks, calculated as the maximum between 7% from sales and 30% from the national average forecasted salary multiplied by the number of employees. There is also a range of tax incentives applicable if businesses meet certain requirements. Among those incentives are the following: value-added tax (VAT) and customs exemptions on long-term assets included in share capital; deferment of VAT liabilities on imports of materials used in manufacturing export-bound products; and lower social contributions and VAT rates for agricultural businesses.

Foreign Trade Zones/Free Ports/Trade Facilitation

At present, seven free economic zones (FEZs), one international free port – Giurgiulesti – and one international free airport – Marculesti – are registered in Moldova. According to Moldovan law, job creation, attraction of foreign and domestic investments, and export-oriented production are the main goals of such zones. The Law on Free Economic Zones regulates FEZ activity. Foreigners have the same investment opportunities as local entities. FEZ commercial entities enjoy the following advantages: 25 percent exemption from income tax; 50 percent exemption from tax on income from exports; for investments of more than USD 1 million, a three-year exemption from tax on income resulting from exports; and for investments of more than USD 5 million, a five-year exemption from tax on income from exports; zero value-added tax; exemption from excises; and protection of residents against any new changes in the law for 10 years. Furthermore, residents investing at least USD 200 million in the FEZ are protected

against new changes in the law for the entire period of operation in the FEZ, but such protection cannot extend beyond 20 years.

The government also passed a law creating nine industrial parks in 2008 to attract investments in industrial projects. Businesses operating in those parks do not receive any special tax treatment, but typically have access to ready-to-use production facilities, offices and lower office rent fees for 25-30 years. Typically, these are idle premises of former big industrial enterprises.

Similar to the FEZs, the Giurgiulesti Free International Port, Moldova's only port accessible to sea-going vessels, was established in 2005 for 25 years. Commercial residents of the port enjoy the following advantages: 25 percent exemption from income tax for the first 10 years following the first year when taxable income is reported; 50 percent exemption from tax on income for the remaining years; exemption from value-added tax and excises on imports and exports outside Moldova's customs territory; zero valued-added tax on imports from Moldova; and protection of commercial residents against any changes in the law until February 17, 2030.

The Marculesti International Free Airport, a former military air base, was established in 2008 as a free enterprise zone for a 25-year period to develop cargo air transport. Airport management is also interested in turning Marculesti into a regional hub for low-cost passenger airlines.

Performance and Data Localization Requirements

All incentives are applied uniformly to both domestic and foreign investors. The Law on Investment in Entrepreneurship, in effect since 2004, does not protect new investors from legislative changes.

No formal requirements exist for investors to purchase from local sources or to export a certain percentage of their output.

No limitations exist on access to foreign exchange in relation to a company's exports. There are no special requirements that nationals own shares of a company. Both joint ventures and wholly foreign-owned companies may be set up in Moldova.

While not an official policy, in sectors of the economy that require large investments, experienced management, and technical expertise such as energy or telecommunications, the government has showed preference for experienced foreign investors over local investors. In other sectors, foreign and local investors formally receive equal treatment.

The government does not impose "offset" requirements on procurements. Moldovan law allows investments in any area of the country in any sector, provided that national security interests, anti-monopoly legislation, environmental protection, public health, and public order are respected.

Enforcement procedures for performance requirements to enjoy tax incentives are described in the Tax Code and related governmental decisions and instructions. Foreign investors are required to disclose the same information as local ones. Moldova has no discriminatory visa, residence, or work-permit requirements inhibiting foreign investors' mobility in Moldova.

The government has set up a one-stop shop for foreigners applying for Moldovan residence and work permits in a bid to streamline a complicated procedure.

Moldova has a liberal commercial regime with more than 100 countries. According to the Tax Code, Moldovan exports are exempt from value added tax. Although there are no formal import price controls, there are reports that Moldovan Customs Service may make arbitrary price assessments on certain types of imported goods for taxation purposes.

Post is not aware of any reports of forced data localization or special requirements targeting foreign IT providers. The Ministry of Information Technology and Communication is responsible for developing strategies and policies on electronic communication, while the National Regulatory Agency for Electronic Communications and Information Technology (ANRCETI) has functions of regulations and oversight.

Protection of Property Rights

Real Property

Moldova has laws that formally protect all property rights. A system for recording property titles and mortgages is in place. There is a national cadastral office, which registers all ownership titles in the real estate registry. However, the mortgage market is still underdeveloped.

The judicial sector remains weak and does not always fully guarantee the rights of citizens and foreign investors. Instances of judicial malfeasance in recent years have involved dubious proceedings in lower courts that resulted in illegal dispossessions of local and foreign investors of shares in Moldovan financial institutions.

Intellectual Property Rights

Moldova does not fully enforce its IPR laws due to conflicts of interest, lack of resources, and a low level of awareness and training among law enforcement agencies. However, intellectual property protection is improving. The country has an agency for the protection of copyrights, the State Agency on Intellectual Property (AGEPI), which continues working on improving the legal framework and adjusting it to EU norms, increasing public awareness, and building capacity in law enforcement. Following Moldova's adoption of AA/DCFTA with the EU in June 2014, AGEPI participated in implementation of the IPR chapter of the agreement with the objective of ensuring a level of protection for intellectual property rights in Moldova similar to that in the EU, including effective enforcement.

Along with other public institutions, AGEPI worked on fulfilling Moldova's IPR obligations as provided by the 2014-2016 National Action Plan for the implementation of the Association Agreement. In 2015, Moldova adopted the second Action Plan on the implementation of the National Strategy on Intellectual Property through 2020 for IPR enforcement.

For consolidating the institutional capacities of intellectual property system, a law regulating the activity of the State Agency on Intellectual Property (AGEPI) was approved in July 2014. Continuous efforts are made to improve the access and quality of IPR services.

AGEPI made the IPR data base publicly available online and free of charge on its [webpage](#) and launched an online filing application system. In 2016, over 40% of national IPR applications were filed through the online system.

In addition, Moldova has a National Commission for Intellectual Property chaired by the Deputy Prime Minister and Minister of Economy, which meets regularly. In 2016, the Commission discussed and adopted recommendations on a series of emergency IPR issues, including the improvement of IPR enforcement in Moldova, consolidation of geographical indications system, encouragement of the innovative activity through IPR use, etc.

Significant progress was registered in implementing a number of IPR regulations in line with the EU agreements dealing with geographical indications.

In November 2016 an EU technical assistance project “Support for the Enforcement of Intellectual Property Rights” was launched. The project aims primarily to improve the communication and co-ordination of relevant institutions involved in implementing IPR laws and regulations; to develop an IT system which will improve exchange of IPR-related data between the enforcement bodies; to consolidate the system for protection of geographical indications, and to raise IPR awareness.

Since 2012 the IPR Enforcement Observatory, established by AGEPI, is annually publishing the “National Report on the Enforcement of Intellectual Property Rights in Moldova.” The latest report covering 2015 is accessible online [here](#).

The government passed new regulations in line with EU requirements to improve IPR protection during customs procedures. However, Moldova still has to strengthen IPR enforcement capacity of its Customs Service. Developing an efficient mechanism for destruction of counterfeited and pirated goods is another priority best practice for Moldova’s law enforcement, stymied by a lack of capacity and funding.

In 2016, the Customs Service examined and accepted 85 requests for action on IPR protection at the border. Customs officials reported 34 instances of fraudulent introduction of goods violating IPR into Moldova’s customs territory in 2016.

The Ministry of Interior is the main law enforcement body for preventing and combating intellectual property-related offences on the domestic market. In 2016, the Ministry registered and processed 47 notices of infringement of intellectual property rights, 43 of them relating to trademarks infringements, one to geographical indication and 3 to copyright. The General Police Inspectorate undertook 75 controls, the majority of which were initiated under the ex-officio procedure. As a follow-up to the controls, 52 contravention and 3 penal proceedings were instituted.

Moldova is not listed in USTR’s 2017 Special 301 report; nor is it listed in the 2016 notorious market report.

Moldova is party to the majority international treaties in IPR field, including the WTO/TRIPS and 23 WIPO agreements, a list of which, including other international and regional agreements and IPR conventions, is available [here](#).

Registration of intellectual property with AGEPI is not difficult; applications for registration can be submitted on-line. The time required to obtain IPR protection in Moldova varies depending upon the type of protection sought. For a copyright it takes 15-30 days, patent for plants 1.5-3 years, short-term patent for invention 7-8 months, patent for invention 17-18 months, geographical indications, appellations of origin, or traditional specialties guaranteed 10-12 months, industrial design 10-12 months, and trademark 10-12 months.

For additional information about national laws and points of contact at local IP offices, please see [WIPO's country profiles](#).

Financial Sector

Capital Markets and Portfolio Investment

Moldova's securities market is underdeveloped. Official National Bank of Moldova (NBM) statistics includes data on portfolio investments, yet there is a lack of sufficient open-source information to fully reflect the trends and relevance of this form of investment in Moldova. NBM data shows that most portfolio investments target banks, while the National Statistics Bureau does not differentiate between foreign direct investment and portfolio investments of less than 10 percent in the equity of a company.

Laws, governmental decisions, NBM regulations, and Stock Exchange regulations provide the framework for capital markets and portfolio investment in Moldova. The government began regulatory reform in this area in 2007 with a view to spurring the development of the weak non-banking financial market. In particular, since 2008 only two bodies – the NBM and the National Commission for Financial Markets – regulate financial and capital markets.

Credit is allocated on market terms with banks being the only reliable source of business financing. The government regulates credit policy via the NBM, auctions through commercial banks, mandatory reserves, credit secured through collateral, open market operations, and T-bill auctions on the primary market. Foreign investors may obtain credit on the local market. Local commercial banks provide mostly short-term, high-interest loans and require large amounts of collateral, reflecting the country's perceived high economic risk. Progress in lending activity suffered a sharp reversal in 2015 in the wake of the late-2014 banking crisis, triggered by a massive bank fraud, which severely weakened the banking system. Extreme monetary tightening by the NBM in the wake of large currency emissions connected to the resulting bank bailouts led to prohibitively high interest rates. As a result, in early 2016, yields on one-year government bonds shot up to 25 percent, with commercial rates following close.

Several large banks were affected by ownership scandals and hostile takeovers that damaged their reputation. Three banks at the center of the scandal were liquidated in October 2015. The banking sector has not yet fully recovered from the fallout of the large banking fraud of 2014, while the government committed to enhance regulation in the financial and banking sectors.

Large investments can rarely be financed through a single bank and require a bank consortium. Recent years have seen growth in leasing and micro-financing. Raiffeisen Leasing remains the only international leasing company to have opened a representative office in Moldova.

The private sector's access to credit instruments is difficult because of the insufficiency of long-term funding and extremely high interest rates. Financing through local private

investment funds is virtually non-existent. A few U.S. investment funds have been active on the Moldovan market, notably NCH Advisors, Western NIS Enterprise Fund, and Emerging Europe Growth Fund, the latter two managed by Horizon Capital equity fund managers.

Furthermore, lack of ownership transparency and poor record on the rule of law represent significant challenges to a potential investor. Weaknesses in the share registry system have contributed to “raider attacks” over the past few years when securities were fraudulently transferred from their rightful owners to others.

Acting as an independent regulatory agency, the National Commission for Financial Markets (NCFM) supervises the securities market, insurance sector and non-bank financing. The NCFM adopted a Corporate Governance Code and passed new regulations intended to simplify the issuance of corporate securities and increase the transparency of transactions on the Moldovan Stock Exchange. In 2011, the government adopted a new strategy for the development of the non-banking financial sector through 2014 that focuses on adopting European standards in financial market regulation and supervision. Amendments were passed in 2011 to the law on joint-stock companies to strengthen minority shareholder rights and improve disclosure obligations for transactions involving conflicts of interest. A new capital markets law adopting European Union regulations came into effect in 2013. It is designed to open up capital markets to foreign investors, strengthen NCFM's powers of independent regulator and sets higher capital requirements on capital market participants. Following several takeover scandals in recent years, the government has passed amendments to strengthen the integrity of shareholder rights.

Money and Banking System

Moldovan banks are the main source of business financing, with non-bank financing, albeit growing, still playing a minor role. The banking system has two tiers: the NBM and 11 commercial banks. The NBM regulates the commercial bank sector and reports to parliament. Foreign bank branches have to register in Moldova and operate under the local banking legislation. Moldova has four foreign banks; among them Societe Generale's Mobiasbanca and Erste Bank's BCR are the most well-known.

Foreign investors' share in Moldovan banks' capital is around 81 percent. However, concerns about veracity of ultimate beneficial owners remain amidst speculation that some locals may pass as foreign investors in official statistics. A crisis at three Moldovan banks, two of them being among the country's top five, in late 2014 called into question the soundness of the banking system, which has yet to recover from the fallout. The banking crisis has had an impact on the whole banking system, causing some foreign banks to call off their correspondent relationships with Moldovan banks.

There is a lack of transparency on ultimate beneficial ownership, large exposures to some clients, significant related-party lending in banks' portfolios, and resulting high non-performing loans. This has contributed to a small number of individuals concentrating control over most of the country's banking assets. Both regulating bodies, NCFM and NBM, are seen as having weak enforcement powers, at times undercut by questionable court rulings. In response to this problem, the Moldovan parliament adopted legislation that would strengthen the independence of decision making at the two regulating bodies. In order to strengthen the

weak system of tracking shares and shareholders, authorities also put in place a law to set up a central share depository with the help of international financial institutions.

As of December 31, 2016, total bank assets were MDL 72.95 billion (USD 3.66 billion). Moldova's three largest commercial banks account for around 64 percent of the total bank assets, as follows: Moldova Agroindbank: MDL 19.7 billion (USD 991 million); Moldindconbank: MDL 14.49 billion (USD 727 million); and Victoriabank: MDL 12.61 billion (USD 633 million). In a bid to prevent another bank crisis, the NBM instituted the procedure of special monitoring of these top three banks over concerns about the transparency of bank shareholders.

Moldovan legislation does not have a definition of hostile takeovers. There were instances of what was termed "raider attacks" in the banking sector that saw the use of corrupt legal practices to defraud rightful owners of their shares.

Foreign Exchange and Remittances

Foreign Exchange

Moldova accepted Article VIII of the IMF Charter in 1995, which required liberalization of foreign exchange operations. There are no restrictions on the conversion or transfer of funds associated with foreign investment in Moldova. After the payment of taxes, foreign investors are permitted to repatriate residual funds. Residual fund transfers are not subject to any other duties or taxes, and do not require special permission. The country's central bank uses a floating exchange rate regime and intervenes only to smooth sharp fluctuations.

After a tumultuous period of inflation and devaluation of the 1990s, the local currency has entered a period of relative stability punctuated by periods of volatility and depreciation due to economic shocks of domestic or foreign origins.

Between late 2014 and early 2016, the national currency, the leu (plural lei), depreciated with difficulties in the economic and political environment, along with Russian bans on Moldovan food exports and falling remittances from Russia, which impacted Moldova's balance of payments. A massive banking fraud and a subsequent bailout program further undermined the leu, which depreciated by 36 percent. In 2016, the currency rate stabilized settling at MDL 19.98 to the U.S. dollar at the end of the year.

Remittance Policies

No significant delays in the remittances of investment returns have been reported, while domestic commercial banks have accounts in leading multinational banks. Foreign investors enjoy the right to repatriate their earnings.

The Moldovan leu is the only accepted legal tender in the retail and service sectors in Moldova. The foreign exchange regulation of the NBM allows foreigners and residents to use foreign currencies in some current and capital transactions on the territory of Moldova. Generally, there are no difficulties associated with the exchange of foreign or local currency in Moldova.

Sovereign Wealth Funds

Post is not aware of any sovereign wealth fund run by the government of Moldova.

State-Owned Enterprises

Since gaining independence in 1992, Moldova privatized most state-owned enterprises, and most sectors of the economy are almost entirely in private hands. However, the government still controls fully or partially some enterprises. The major government-owned enterprises are two northern electrical distribution companies, the Chisinau heating companies, fixed-line telephone operator Moldtelecom, state airline Air Moldova, the country's largest tobacco company, and the state railway company. The government keeps a registry of state-owned assets, which is available on the website on the [Public Property Agency](#).

State-owned enterprises (SOE) are governed by the law on stock companies and the law on state enterprises as well as a number of governmental decisions. SOEs have boards of directors usually made up of representatives of the line ministry, Ministry of Economy and Ministry of Finance. As a rule, SOEs report to the respective ministries, with those registered as joint stock companies being required to make their financial reports public. Moldova does not incorporate references to the OECD Guidelines on Corporate Governance for SOEs in its normative acts.

Moldovan legislation does not formally discriminate between state-owned enterprises and private-run businesses. By law, governmental authorities must provide a level legal and economic playing field to all enterprises.

The Law on Entrepreneurship and Enterprises has a list of activities restricted solely to state enterprises, which includes, among others, human and animal medical research, manufacture of orders and medals, postal services (except express mail), sale and production of combat equipment and weapons, minting and real estate registration.

There are reports of state-owned enterprises having an advantage over privately-run businesses in Moldova. Either from government representatives sitting on their boards or from their dominant position in their industry, state-owned companies are generally seen as being better positioned to influence decision-makers than their private sector competitors, and use this perceived competitive advantage to prevent open competition in their individual sectors.

Privatization Program

Moldova launched the first of several waves of privatization in 1994. In 2007, Parliament passed a new law governing management and privatization of state-owned assets. Two major privatizations in 2013 – of the then-largest bank, Banca de Economii, and the 49-year concession of the Chisinau Airport – subsequently proved highly controversial. Privatization efforts in 2014 and 2015 emphasized public-private partnerships as means for companies to gain access to state-owned resources in infrastructure-related projects. As of early 2017, the government was floating plans for privatization of additional state assets.

Moldova conducts privatizations through open tenders organized at the country's stock exchange that are open to any interested investor. Also, the government may use open outcry auctions for some properties, the so-called investment or commercial tenders to sell entire companies to the highest bidders and public private partnerships for infrastructure related projects. The government publishes privatization announcements on the website of the [Public Property Agency](#) and in the official journal Monitorul Oficial. Some investors have complained that the privatizations are unfair and lack transparency.

Responsible Business Conduct

While Moldovan legislation deals with issues pertaining to environment, workers' rights, social fairness or governance, there is little awareness of the concept of responsible business conduct. The country's corporate culture and private sector are still at an early stage of development and still seeking to define the nature of interactions between private business and the authorities and the public at large. There is no governmental policy to encourage enterprises to follow OECD Guidelines for Multinational Enterprises.

Foreign companies operating in Moldova are gradually introducing the concept of corporate social responsibility as an aspect of responsible business conduct. However, the Soviet-era notion of a paternalistic government responsible for maintaining the social welfare for all citizens remains quite widespread. AmCham Moldova has set a leading example, with its corporate members engaging in a forestation project, in the rehabilitation of medical facilities, and in Christmas collection projects for orphanages.

Corruption

While Moldova is taking steps to adopt European and international standards to combat corruption and organized crime, corruption remains a major problem. The wider Moldovan society also has a general perception of prevalent corruption among high level officials.

The government developed and enacted a series of laws designed to address legislative gaps such as the Law on Preventing and Combating Corruption, the Law on Conflict of Interests and the Law on the Code of Conduct for Public Servants. The Criminal Code criminalizes public corruption through two specific statutes – passive and active corruption. These statutes apply only to corruption actions and bribery committed by public officials. In 2016 Moldova started the reform of the prosecution system and created a specialized prosecution agency – The Anticorruption Prosecution Office. However, the new prosecution agency is yet to prove its full effectiveness in combating corruption, including in a non-discriminatory manner.

In 2016, parliament passed in the first reading the Law on the National Integrity Authority and the Law on Disclosure of Assets and Conflict of Interest by public officials. According to the first draft law, the National Integrity Center is to replace the National Integrity Commission. The new agency will be staffed with 30 integrity inspectors and have the power to apply fines on delinquent officials. The director and deputy director would be hired in a competitive process. The second draft law provides for clearer procedures and mechanisms for disclosing assets, properties, and conflicts of interest by Moldovan public officials.

A 2012 law reorganized the Center for Combating Economic Crimes and Corruption (CCECC) into the National Anticorruption Center (NAC). The NAC focuses solely on investigating public corruption and bribery crimes, and is subordinated to the parliament (CCECC was under the executive branch). Moldovan judges, who had previously enjoyed full immunity from investigation, can now be prosecuted for crimes of corruption without a prior sanction from their highest self-governing body, the Superior Council of Magistrates, which nevertheless keeps its powers to approve any search or arrest warrant against a judge.

In 2016, legislative initiatives launched by the Supreme Court of Justice in the anticorruption area stalled due to the opposition by Moldovan civil society due to concerns that the creation of anti-corruption courts raised the risk of corruption as there would be no oversight body.

Moldova's Criminal Code includes articles on public and private sector corruption, combating economic crimes, criminal responsibility of public officials, active and passive corruption and trade of influence which put the legislation more in line with international, anti-bribery standards by criminalizing the act of promising, offering or giving a bribe to a public official. Anti-corruption laws extend culpability to family members; however due to the presumption of legally acquired assets provided for by the Moldovan Constitution, the effective presumption is that of a legal acquirement. The statute of illicit enrichment that was introduced in 2013 is yet to be used effectively by law enforcement in cases of public officials.

Moldovan laws require private companies to establish internal codes of conduct that prohibit corruption and corrupt behavior. The Moldovan Criminal Code criminalizes separately corruption and bribery in the private sector.

In 2016, Parliament passed two new statutes to the Criminal Code criminalizing the misuse of international assistance funds. This statute will help identify and prosecute any misuse of international donors' assistance by Moldovan public officials in public acquisitions, technical assistance programs and grants areas.

In November 2012, as part of the Justice Sector Reform Action Plan, the Ministry of Justice drafted a series of amendments in the anti-corruption area. This package of anticorruption amendments include: new legislation on integrity testing of justice sector officials, the introduction of extended confiscation and illicit enrichment statutes in the Moldovan Criminal Code as per the United Nations Convention against Corruption (UNCAC). The new Criminal Code statutes and new laws on integrity testing of public officials and disciplinary liability law for judges were passed in late 2013, and amended in 2016 to include the following amendments:

Parliament also passed a law in 2016 providing for a gradual increase of prosecutors' salaries in the framework of the prosecutorial reform.

The country has laws regulating the conflict of interests in awarding contracts and the overall government procurement process; however laws are not effectively enforced. For instance in 2016 anticorruption prosecutors initiated five criminal cases dealing with public officials involved in procurements for the public health and education.

Despite the established anti-corruption framework, the number of cases involving prosecution of corruption did not meet international expectations (given corruption perceptions), and enforcement of existing legislation is widely deemed insufficient. The dismissal, in April 2013, of the government on corruption allegations has worsened the Moldovan society's perception of corruption. After dropping to 103rd place in 2014, Moldova's ranking in the 2015 Transparency International Corruption Perception Index remained unchanged, while the country's score dropped to 33 out of 100 from 35 a year earlier. In the 2016 Transparency International Corruption Perception Index, Moldova scored 30 points and ranked 123rd.

A Transparency International Global Corruption Barometer (GCB) survey done in 2013 shows that 71 percent of Moldovans think that corruption is a very serious problem and 60 percent think that the government's efforts to fight corruption are ineffective. At the same time, according to the GCB, 80 percent of Moldovan citizens believe that the most corrupt institution is the judiciary, followed by police (76 percent) and political parties (75 percent).

Post has received many reports from foreign investors of serious problems with corruption and bribery. For example, when a foreign investor discovered that he had underpaid his taxes and wished to remedy the situation, the tax inspector assigned to the company attempted to extort money. The tax service later lauded the investor for his self-reporting and negotiated a reduced payment.

Post has also received reports of "informal" hostile takeovers of profitable businesses. In these cases, business owners were approached by politically-connected individuals who wished to acquire part of the businesses. When business owners refused, they were pressured to close.

In 2007, Moldova ratified the United Nations Convention against Corruption, subsequently adopting amendments to its domestic anti-corruption legislation.

Moldova is not a signatory of the Organization for Economic Cooperation and Development (OECD) Convention on Combating Bribery. However, Moldova is part of two regional anti-corruption initiatives: the Stability Pact Anti-Corruption Initiative for South East Europe (SPAI) and the Group of States against Corruption (GRECO) of the Council of Europe. Moldova cooperates closely with the OECD through SPAI and with GRECO, especially on country evaluations. In 1999, Moldova signed the Council of Europe's Criminal Law Convention on Corruption and Civil Law Convention on Corruption. Moldova ratified both conventions in 2003.

Resources to Report Corruption

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Political and Security Environment

Post has received no reports over the past ten years of politically-motivated damage to business projects or installations in Moldova. In late 2015 and early 2016, large anti-government street protests developed into tent camps occupied for several months by different opposition groups downtown Chisinau in front of government buildings. In January 2016 protesters clashed with riot police in an attempt to prevent parliament from voting in a new government. The clashes were limited and did not turn into full-blown violence or cause

extensive damage that would affect businesses in any way and the government remained in power.

Separatists control the Transnistrian region of Moldova, located between the Nistru River and the eastern border with Ukraine. Although a brief armed conflict took place in 1991-1992, both sides signed a ceasefire in July 1992, which has generally been observed. Local authorities in Transnistria maintain a separate monetary unit, the Transnistrian ruble (approximately 11.30 rubles per U.S. dollar), and a separate customs system. Despite the political separation, economic cooperation takes place in various sectors. The government has implemented measures requiring businesses in Transnistria to register with Moldovan authorities (see Expropriation and Compensation). The Organization for Security and Cooperation in Europe (OSCE), with Russia, and Ukraine acting as guarantors/mediators and the United States and EU as observers, continues to support negotiations between Moldova and the separatist region Transnistria (known as the "5+2" format). Throughout the years, negotiations have been piecemeal, with talks stalling in 2006 and formally resuming in late November 2011. An important achievement of the talks in the past few years has been the resumption of rail freight traffic through Transnistria. However, progress on other issues was limited and relations at times highly antagonistic.

Labor Policies and Practices

For years, Moldova prided itself on its skilled labor force, including numerous workers with specialized and technical skills. However, with economic turmoil, many skilled workers left Moldova for better paying jobs in other countries. This led to shortages of skilled workers in Moldova. There are imbalances in the labor market arising from a general lack of workers with vocational training that employers need on one hand, and lack of job opportunities for academically educated people on the other. Labor shortages are reported in manufacturing and engineering, while language (Moldovans are usually bilingual in Russian and Romanian) and IT skills are thought to be in ample supply. However, low birth rates and an aging population represent a further challenge to Moldova's labor pool.

Official unemployment was 4.2 percent in 2016, which is misleading given the low labor participation rate of 42.6 percent, owing to large numbers of Moldovans emigrating as well as the common phenomenon of informal work. Youth unemployment is more than double the national average at 11.8 percent.

Moldova's Constitution guarantees the right to establish or join a trade union. Trade unions have influence in the large and mostly state-owned enterprises and have historically negotiated for strong labor relations, minimum wage and basic worker rights. Unions also have a say in negotiating collective labor agreements in various industries. Unions are less active and effective in small private companies. Moldova is a signatory to numerous conventions on the protection of workers' rights. The country has moved toward adopting international standards in labor laws and regulations. In recent years, changes were made to labor legislation in favor of employers. Nevertheless, labor legislation is stringent in matters dealing with severance pay or maternity leave regulations that some foreign investors view as an impediment to labor flexibility and as putting a heavy burden on employers.

The government is currently drafting amendments to the Labor Code and a new law on foreign work and migration. The changes are intended to make the legislative framework better equipped for modernization of the labor market, skills development and vocational education training reform.

The Moldovan General Federation of Trade Unions has been a member of the ILO since 1992, and has been affiliated with the International Confederation of Free Unions (ICFU) since 1997. The Federation split into two separate unions in 2000, but merged in 2007, forming the National Trade Union Confederation (CNSM). After attempts of the previous Communist-led government to interfere in the activity of unions, the CNSM was isolated from the international trade unions movement. With a change in government in 2009 and the election of new trade union leaders, CNSM was given membership in the International Trade Union Confederation in 2010.

OPIC and Other Investment Insurance Programs

In 1992, the Moldovan and U.S. governments signed an investment incentive agreement that exempts OPIC from Moldovan taxes on loan interest and fees. OPIC became active in Moldova in September 1997, providing political-risk insurance to a U.S. company investing in an agribusiness. Since then, OPIC has provided a number of financial and insurance products to U.S. businesses operating in Moldova in such fields as agribusiness, telecommunications, banking, consulting, transportation logistics and mortgage financing.

The U.S. Export-Import Bank (Ex-Im) provides U.S. companies investing in Moldova short- and medium-term financing in the private sector under its insurance, loan and guarantee programs. In 2000, Ex-Im and Moldova signed a Framework Guarantee Agreement setting the terms for it to issue sovereign guarantees to facilitate Ex-Im financing of U.S. exports to Moldova. Also in 2000, Ex-Im and Moldova signed a Project Incentive Agreement that enabled the Ex-Im to finance U.S. exports for creditworthy private sector projects in Moldova on a non-sovereign risk basis which required host-government support such as permit and license approvals. Under the agreement, repayment of Ex-Im financing is based on the capture of financed projects' revenue streams in special escrow accounts held in banks approved by Ex-Im.

In 2002, Ex-Im signed a memorandum of cooperation with the Black Sea Trade and Development Bank. Under the memorandum, Ex-Im's financing can be used to support exports of U.S. goods and services to any country located in the Black Sea region, including Albania, Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Moldova, Romania, Russia, Turkey, and Ukraine. The agreement enables the Black Sea Trade Development Bank to act as a guarantor of specific transactions and also provides for parallel financing arrangements.

Moldova is eligible for U.S. Trade and Development Agency (USTDA) funding for feasibility studies, orientation visits, specialized training grants, business workshops and other forms of technical assistance with U.S. export potential.

Institutions such as the European Bank for Reconstruction and Development and the World Bank are very active in Moldova in both the private and public sectors, offering various financial tools for both insurance and credit. Moldova is a member of the Multilateral Investment Guarantee Agency (MIGA) and a member of the World Bank group. MIGA promotes

foreign direct investment into developing countries by insuring investors against political risk, advising governments on attracting investment, sharing information through on-line investment information services and mediating disputes between investors and governments. Moldova is also eligible for project and trade financing from the Black Sea Trade and Development Bank. The country also benefits from loans extended by the EU's European Investment Bank and the Council of Europe Development Bank.

Foreign Direct Investment and Foreign Portfolio Investment Statistics

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

	Host Country Statistical source*		USG or international statistical source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
Economic Data	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) (\$M USD)	2016	\$6,749	2015	\$6,568	The World Bank
Foreign Direct Investment	Host Country Statistical source*		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner country (\$M USD, stock positions)	2016	\$48.08	-	-	-
Host country's FDI in the United States (\$M USD, stock positions)	-	-	-	-	-
Total inbound stock of FDI as % host GDP	2016	53.07	-	-	-

*National Bureau of Statistics and National Bank of Moldova are the primary source of the information. Total inbound stock of FDI is provided as a historical cost figure.

Table 3: Sources and Destination of FDI

Direct Investment from/in Counterpart Economy Data *					
From Top Five Sources/To Top Five Destinations (US Dollars, Millions)					
Inward Direct Investment			Outward Direct Investment		
Total Inward	2,634	100%	Total Outward	N/A	100%
Russian Federation	746	28.3%			
Netherlands	326	12.4%			
Cyprus	224	8.5%			

Spain	212	8.0%			
France	206	7.8%			
"0" reflects amounts rounded to +/- USD 500,000.					

* Note: IMF statistics from 2015.

Table 4: Sources of Portfolio Investment

Portfolio Investment Assets*

Top Five Partners (Millions, US Dollars)

Total	Equity Securities	Total Debt Securities

*Note: According to preliminary data from the National Bank of Moldova, total net portfolio investment in 2016 was USD 0.76 million. The IMF rounds this to zero.

Contact for More Information

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Trade & Project Financing

Methods of Payment

Payment methods and terms will vary depending on the type of business model and relationship between companies. As a rule, companies start their business relations with advance payment for deliveries. Once trust has been built and a positive record of payment established, suppliers may consider extending short- or eventually longer-term credit to bolster sales.

Few companies in Moldova can afford payments on large transactions and therefore credit arrangements will be needed for big projects. Moldovan banks also use a wide range of letters of credit, which provide greater protection to suppliers against payment delays.

Moldovan commercial banks are members of SWIFT (Society for Worldwide Inter-bank Financial Telecommunications).

Banking Systems

Moldova's banking system was set up in two tiers in 1991 around the time of the breakup of the USSR and currently comprises a central bank and 11 commercial banks. The central bank licenses, supervises, and regulates the activity of financial institutions.

Moldova has four foreign banks; among them Societe Generale's Mobiasbanca and Erste Bank's BCR are the most well-known. While Moldova's regulatory landscape does not prevent banks from opening offices in other towns, most bank offices are concentrated in Chisinau, which is both the administrative and economic capital of Moldova.

In contrast to the West, banks still play a minor role in the country's economic development and business activity. Moldova's high credit risk and inflation rates determine the high interest rates on limited bank loans. A persistent problem in the banking system is the insufficiency of funds with longer tenors. The population often opens deposits for periods less than 12 months. Loans and state treasury bills provide limited diversification for the banks' assets because Moldova's stock market remains underdeveloped and provides limited options for long-term investments. As a result, banks have to rely on long-term credit lines from the World Bank, the European Bank for Reconstruction and Development, and other international financial institutions to lend long term.

Foreign investors' share in Moldovan banks' capital is around 81 percent, although ultimate beneficial ownership lack of clarity calls that statistic into question. A crisis at three Moldovan banks, two of them being among the country's top five, in late 2014 called into question the soundness of the banking system, which has yet to recover from the fallout. Authorities responded by strengthening the independence of the regulating bodies and enhancing the tracking of bank shares.

As of January 1, 2017, total bank assets were MDL 72.95 billion (USD 3.66 billion). Moldova's three largest commercial banks account for around 64 percent of the total bank assets, as follows: Moldova Agroindbank: MDL 19.7 billion (USD 991 million); Moldindconbank: MDL 14.49 billion (USD 727 million); and Victoriabank: MDL 12.61 billion (USD 633 million). In a bid to prevent another bank crisis, the National Bank of Moldova instituted the procedure of

special monitoring of these top three banks over concerns about the transparency of bank shareholders.

Foreign Exchange Controls

Moldova accepted Article VIII of the IMF Charter in 1995, which required liberalization of current foreign exchange operations. The national currency, the Leu (plural Lei), is fully convertible for business purposes, with the central bank applying a managed free float to reduce sharp currency fluctuations. There are no restrictions on the conversion or transfer of funds associated with foreign investment in Moldova. Foreign investors can freely repatriate their earnings. After the payment of taxes, foreign investors are permitted to repatriate residual funds. Residual-funds transfers are not subject to any other duties or taxes, and do not require special permission. Companies are not obliged to sell their hard currency earnings to the government.

Banks accept and issue credit cards. Credit cards are accepted at many hotels, restaurants, and stores. ATMs are available throughout the capital Chisinau and other cities.

US Banks & Local Correspondent Banks

There are no U.S. banks in Moldova. The National Bank of Moldova maintains a list of licensed commercial banks that includes their SWIFT information. All commercial banks have international correspondent account relationships. However, as a fallout from the recent banking crisis Western foreign banks became reticent in accepting transactions involving a number of Moldovan banks.

Project Financing

Moldova lacks a developed capital market. Banks are the only domestic source of project financing. However, interest rates are high, while the bulk of financing from banks is short-term. Given the relatively small size of Moldova's financing sector, a single bank may find itself under a great deal of pressure to provide lending for large projects.

Project financing is very limited unless implemented through subsidized loan programs funded by foreign governments and multilateral financial institutions, and aimed at private business development. Therefore, the role of international financial institutions such as the World Bank Group (International Bank for Reconstruction and Development IBRD, International Finance Corporation IFC and Multilateral Investment Guarantee Agency MIGA), the European Bank for Reconstruction and Development EBRD, and the European Investment Bank EIB to finance large projects is very important.

Multilateral Development Banks:

U.S. Commercial Service Liaison Offices at the Multilateral Development Banks (European Bank for Reconstruction and Development, World Bank)

The Commercial Service maintains Commercial Liaison Offices in each of the main Multilateral Development Banks, including the European Bank for Reconstruction and Development and the World Bank. These institutions lend billions of dollars in developing countries on projects aimed at accelerating economic growth and social development by reducing poverty and inequality, improving health and education, and

advancing infrastructure development. The Commercial Liaison Offices help American businesses learn how to get involved in bank-funded projects, and advocate on behalf of American bidders. Learn more by contacting the Commercial Liaison Offices to the [European Bank for Reconstruction and Development](#) and the [World Bank](#).

World Bank

Since Moldova joined the World Bank in August 1992, its lending has provided consistent support for Moldova's economic reforms, focusing on poverty alleviation and sustainable economic growth. Since the inception of its program in Moldova, the World Bank has committed almost USD 1.5 billion in support of 97 projects for the country.

The 2014–2017 World Bank's Country Partnership Strategy (CPS) for Moldova is the main assistance framework at the country level, which guides the World Bank's interventions in Moldova over the four-year period. Development assistance efforts in Moldova in the CPS aimed to boost shared prosperity and reduce poverty by capturing the full benefits of openness and integrating with the EU and the broader global economy to support a sustainable growth strategy. With the current CPS expiring the World Bank is preparing a new framework for its cooperation with Moldova to support the country's emerging transition toward a new, more sustainable, and inclusive growth model.

Financing for commercial projects is available through the World Bank Group's International Finance Corporation (IFC). The IFC makes loans and equity investments, organizes syndications, underwrites securities, and offers advisory services. IFC invests exclusively in for-profit projects and charges market rates for its products and services, which usually represent LIBOR plus country risk and project specific risk. A company or entrepreneur seeking to establish a new venture or expand an existing enterprise can approach IFC directly and submit an Investment Proposal for IFC's review.

European Bank for Reconstruction and Development (EBRD)

In Moldova, the EBRD focuses on improving the business climate, supporting economic diversification, and reforming the energy and municipal sectors. In particular, the Bank supports private companies with direct investments, with intermediary finance through local banks, and by developing local business skills. It also pays particular attention to building a stable banking sector, promoting energy efficiency and improving corporate governance and transparency. EBRD's areas of priority are financing for the private and public infrastructure projects, financial institutions and support to local SMEs. The bank has implemented 115 projects with a net cumulative volume of EUR 1.173 billion.

Black Sea Trade and Development Bank

Established in 1998 by Albania, Armenia, Azerbaijan, Bulgaria, Georgia, Greece, Moldova, Romania, Russian Federation, Turkey, and Ukraine, the Black Sea Trade and Development Bank (BSTDB) has a cumulative portfolio in the key sectors of

infrastructure, energy, transport, manufacturing, telecommunications, financial sector and other important areas amounting to about EUR 4.2 billion.

The Bank supports economic development and regional cooperation by providing trade and project financing, guarantees, and equity for development projects supporting both public and private enterprises in its member countries.

BSTDB's strategy is to increase trade flows between member countries. The BSTDB also places great emphasis on private sector development. This entails supporting the development of small and medium-sized enterprises (SMEs) through development of local financial intermediation. The Bank seeks investment opportunities in infrastructure, energy, manufacturing, agriculture and food processing, retail and property sectors of Moldova, and considers using private-public partnerships as an instrument of activity wherever appropriate.

U.S. companies also have the option of getting financing and insurance for exports, investment, and development projects through such U.S. agencies as the U.S. Trade and Development Agency (USTDA), the U.S. Export-Import Bank (EXIM), and the Overseas Private Investment Corporation (OPIC).

Financing Web Resources

- [Trade Finance Guide](#): A Quick Reference for U.S. Exporters, published by the International Trade Administration's Industry & Analysis team
- [Export-Import Bank of the United States](#)
- [OPIC](#)
- [Trade and Development Agency](#)
- [SBA's Office of International Trade](#)
- [USDA Commodity Credit Corporation](#)
- [U.S. Agency for International Development \(USAID\)](#)
- [European Bank for Reconstruction and Development](#)
- [International Financial Corporation](#)
- [World Bank](#)

Business Travel

Business Customs

Given the fact that "business" in the Western sense is something new to the current generation of Moldovans, it is difficult to generalize about proper protocol and customs for doing business in Moldova. Though a new Western-oriented generation is beginning to emerge, the legacy of centralized authoritarian bureaucracy, red tape, and an unwillingness to take initiative persists. Signatures, proper letterhead, stamps of authenticity, and forms (in triplicate) are considered an important part of "getting the job done" in Moldova - a process which can test the patience of even the most experienced international businessperson.

Western business people should keep in mind that Moldovan business culture features widespread corruption and a constellation of well-connected local businessmen. For this reason, Moldovan business partners often believe the key to the success of an enterprise is not the soundness of the business plan, but access to influential individuals in government or business.

The form of business in Moldova often takes precedence over substance, making a U.S. partner's approach all the more important. The success of your deal may depend on the trust you have painstakingly built over many months or years.

A strong emphasis should be placed on cementing personal relationships before doing any business. Face-to-face meetings are the norm, with little business conducted over the telephone. Always be ready with a firm handshake to open and close a meeting. Moldovans take pride in their hospitality and may offer food and beverages at business meetings. To host a meeting without offering at least tea and coffee appears rude. It is considered an offense, if a guest refuses food or beverage the first time it is offered. Long evenings and multi-course meals, wine and cognac or vodka (moderation is advised) can be important in building trust with your Moldovan partner. Wishing good health, happiness, and success to your partner's immediate family will be certain to bring a smile and a hearty "thank you." Remembering your Moldovan partner's birthday and child's birthday, and keeping Moldovan holidays in mind are gestures not soon forgotten.

Travel Advisory

General and country-specific travel information can be found on the U.S. Department of State's [web site](#).

Visa Requirements

U.S. citizens visiting Moldova do not need a visa. They are able to stay in Moldova for up to 90 days within a six-month period without registration. Residence and work permits are required for stays over 90 days. Visitors to Moldova are registered at the border. Immigration, residence, and work permits usually need to be extended annually, but may be issued for up to five years.

Moldovan law requires everyone to carry identity documents. Moldovan police have the right to request identity documents from any person. Individuals who fail to produce appropriate ID upon request may be subject to detention and fines. Therefore, Americans are advised to

carry their U.S. passports (or a copy of their passport's biographic information page) with their registration card, if applicable, or a Moldovan-issued identification document when in public.

Currency

The local currency is called the Leu (MDL). The latest available official exchange rate can be found on the website of the country's central bank, the [National Bank of Moldova](#). Credit cards are widely accepted in hotels, malls, stores and restaurants. Still, most retail transactions are conducted in cash. ATMs are commonplace in the cities, but is best to avoid using the ones outside hotels and banks not to fall victim to identity theft or fraud.

Foreign currency cannot be used in domestic transactions. Exchange offices are ubiquitous in the cities. Bring crisp, clean bills to exchange, as exchange offices may charge you a 10% fee or even reject exchanging old and damaged currency.

Telecommunications/Electric

Landline communication in Moldova is provided by state-run Moldtelecom. 3G/4G cellular communication is available through Orange, Moldcell and Unite. International telephone connections via fixed or mobile telephony are generally good. Blackberry service has been available from Orange since 2010. Internet is widely available, including on mobile devices, with many WiFi hotspots offering limited free Internet access in public places in major cities.

Moldova's electric current is 220-240 V, 50 Hz and sockets take the standard European dual round-pronged plugs. Non-European appliances require a plug convertor. A down step power converter is necessary for appliances requiring 110V.

Transportation

The country's principal airport for international flights is the Chisinau International Airport, located 13 km from Chisinau's center. The airport handles over 2 million passengers annually. It is connected to over 30 international destinations, including Athens, Barcelona, Brussels, Dublin, Frankfurt, Istanbul, Larnaca, London, Lisbon, Madrid, Moscow, Munich, Paris, Rome, St. Petersburg, Tel-Aviv and Vienna. There are no direct flights to the U.S.

A taxi ride from the airport to the center of Chisinau should cost no more than USD 20. The public transportation within the city includes trolleybuses, buses and minibuses "marshrutkas", which are cold in the winter and hot in the summer, and can be crowded and slow, especially during the peak hours. Taxis are available from numerous taxi agencies or in the streets.

The overall condition of roads outside the city is below average. Some main roads were rehabilitated in recent years with funds from international community, including U.S.'s Millenium Challenge Corporation.

The railway system is unreliable and slow, with most infrastructure in poor condition. International investment projects are underway to modernize the railway.

Language

The proper naming of the official language spoken in Moldova is sometimes a matter of debate, even among ethnic Moldovans, as some insist upon calling the language Moldovan, while

others acknowledge that it is Romanian. With the exception of a few usage norms, in its standard form it is identical to Romanian. During the Soviet period, the language, exclusively called Moldovan, was written in Cyrillic and hence was clearly distinguishable from Romanian, but with the reversion to Latin script following independence, the distinction between the two disappeared. One may hear that the language spoken in Moldova is roughly as similar to the one spoken in Romania as American English is to British English, though the difference is that Americans acknowledge their language as being English, without insisting that it be called American. Some people contend that besides the typical regional accent, the main difference between Moldovan and Romanian is that Moldovans intersperse their speech with Russian words. In formal documents or settings, however, the preference is always given to standard Romanian. Most inhabitants of Chisinau speak both Russian and Romanian. In Chisinau, quite often the shopkeepers and business people use the Russian language among themselves and with foreigners. At outdoor (agricultural) markets one will hear more Romanian. In most of the villages, Romanian is the primary language; however, there are rural areas where only Russian is preferred. Nowadays, many young people can converse in English.

Health

Medical care in Moldova is substandard throughout the country, including Chisinau. The quality of local clinics and hospitals in Chisinau varies considerably. Although none is up to Western standards, some do have equipment manufactured in Western countries and some staff members have had some Western medical training. A few private hospitals operate in Moldova offering some care comparable with western facilities.

The U.S. Embassy maintains a [list](#) of physicians that speak English.

In the event of a serious medical condition, every effort should be made to go to Western Europe, though the local system may be adequate for dealing with more routine health issues. In the event of emergency, travelers should attempt first to contact the local ambulance service 903, which is trained to determine which medical facility is most appropriate for treatment and will transport the injured or sick person to that location. Shortages of routine medications and supplies may be encountered. Elderly travelers and those with existing health problems may be at particular risk because of inadequate medical facilities. Visitors to Moldova are advised to bring their own supply of both prescription and common over-the-counter medications.

Prior to travel, make sure proper immunizations are up-to-date. Most pharmacies now carry imported and local medicine, although few medications are labeled in English. There are pharmacies in all regions of Chisinau, identifiable by “Farmacia” signs, and some are open 24-hours.

Tuberculosis is a serious health concern in Moldova. For further information, please consult the [Centers for Disease Control and Prevention's Travel Notice on TB](#).

Information on vaccinations and other health precautions, such as safe food and water precautions and insect bite protection, may be obtained from [CDC](#).

Local Time, Business Hours and Holidays

Moldovan time is GMT (Greenwich Mean Time)+2 and EST (Eastern Standard Time)+7.

The country observes daylight savings times from the last Sunday in March through the last Sunday in October.

Work week: 40 hours per week

Normal business hours: 9 a.m. – 6 p.m.

Moldova celebrates the following national holidays in 2017:

January 1 – New Year's Day

January 7-8 – Old Style Orthodox Christmas

March 8 – International Women's Day

April 16-17 – Orthodox Easter

April 24 – Memorial Easter

May 1 – Labor Day

May 9 – Victory and Commemoration Day

August 27 – National Day

August 31 – National Language Day

December 25 – Christmas

Most businesses and all state institutions are closed on these days. The basic infrastructure institutions such as airports and markets usually stay open.

Temporary Entry of Materials or Personal Belongings

Articles exempted from duty include personal effects and medicine required, in reasonable amounts, for the duration of the trip, personal jewelry, personal laptops, cameras, books, publications and recordings of all types and other similar items for personal use.

Travelers can bring into and out of the country amounts equivalent to EUR 10,000 without filing any written declaration with Customs. Sums larger than that require travelers to fill out written declarations. There is no limit on the amounts of cash that can be brought into the country. However, the amount of cash taken out of the country is limited to the equivalent of EUR 50,000 and requires supportive documents for the origin of the money and/or bank permits.

Travel Related Web Resources

- [U.S. Department of State's Moldova consular information sheet](#)
- [Customs Information on the U.S. Department of State's Bureau of Consular Affairs](#)
- [Information on medical assistance for U.S. citizens from the U.S. Embassy to Chisinau](#)
- [Centers for Disease Control and Prevention's Travel Notice on Moldova](#)
- [Centers for Disease Control and Prevention's Travel Notice on tuberculosis](#)
- [National Bank of Moldova](#)
- [Moldovan Customs Service](#)