

Event: OWWF Club evening, East and West Business Forum: „*How to create more security and confidence in Europe*”.

Bullet points (18 slides): “Moldova: your bridge to West and East” Presentation, H.E. Minister Tudor Ulianoschi

Introduction (slide 1):

The Government of the Republic of Moldova has proposed a very clear task - to ensure the sustainable development of the country by attracting significant investments, innovative ideas and technologies.

Thus, we are creating an attractive business climate and ensuring a comprehensive process of modernization and reformation.

This presentation aims to share our enthusiasm for the development of the Republic of Moldova and its economic potential by offering foreign companies an attractive business climate with a host of facilities.

Moldova – open economy (Slide 2):

To capitalize on its strategic geographical position, over the last few years, the Government of the Republic of Moldova has stepped up its regional integration efforts, promoting an open economic policy.

Moldova currently has free trade agreements with the EU, CEFTA, CIS market, and Turkey – that allow companies operating in Moldova to access about 880 million potential consumers.

We have also launched the negotiations on the signing of the Free Trade Agreement with the People's Republic of China.

Moldovan Trade (Slides 3, 4):

In 2017, Moldova’s volume of exports of goods was 18.4% higher than in 2016, with a 20% increase of exports to the EU (65.7% out of total), and with +12.4% to CIS countries (19.5% of total export).

Moldova has one of the most competitive tax systems in the region. Therefore, the general corporate tax rate is 12%, 20% added tax and social security contributions of only 23%.

It should be noted that corporate tax may be reduced by half or more if a company is resident in the Free Economic Zone and Industrial Parks.

Foreign Direct Investments (slides 5, 6, 7, 8, 9, 10)

The Republic of Moldova is an open economy for capital from different countries, and we continue to advance in creating attractive business conditions. Our TOP 10 investors in Moldova are Russia, the Netherlands, Cyprus, Spain, France, Italy, Romania, Germany, Great Britain and Switzerland.

This year we will launch of the One Stop Shop for the management and release of permissive acts, assuming the full functionality of the information system and the issuing of at least 30% of the total number of permissive documents by the end of 2018.

As a stimulant, the Government of the Republic of Moldova approved the Regulation on Obtaining of Citizenship through Investment (Golden Visa Package), which regulates the minimum investment value in at least one of the strategic development areas of the Republic of Moldova is the equivalent of 250,000 euros (*the real estate sector and, the public financial sector and public investment*).

All the achievements reached in 2016 and 2017, as well as future commitments, have led to a global rating increase of the Republic of Moldova in different international business rankings.

Republic of Moldova is valued as a “Stable economy”, and is ranked Nr. 44 out of 190 economies. In 2018, Moldova managed to significantly increase country’s position on Starting a Business (+21 positions), surpassing countries such as Romania, Italy, Armenia, Hungary and Bulgaria.

Free Economic Zones (slides 11, 12):

Currently, Moldova has 7 free economic zones that attract foreign investors, especially due to income tax exemption facilities and trade benefits.

The Republic of Moldova also has the Giurgiulesti International Free Port (the southern region), as well as the Free International Airport "Marculesti" (Floresti, the northern region), both of which have legal status almost similar to the free economic zones.

Another industrial platform with a series of opportunities are Industrial Parks, that became a center of attraction for investment and the place for various industrial and IT projects.

Import and Export Potential (slides 13-17):

Moldova's National Strategy for Investment Attraction and Export Promotion for the period 2016 - 2020, highlights few priority economic sectors:

So, due to favorable climatic and geographic conditions, rich soil resources and biological diversity, agriculture is one of the main pillars of the national economy (16% of GDP and about 45% of total exports), with a significant potential in organic farming.

The manufacture of textiles, garments, leather goods and footwear is an important and competitive branch of the Republic of Moldova, being also a major beneficiary of FDI. One of the main advantages of Moldova in this sector is the high speed of order processing and delivery due to its favorable geographical position. Famous brands such as Versace, Armani, Max & Co., Primark, Max Mara, Prada, Nike, Dolce & Gabbana, Moncler, Calvin Klein make their clothes in Moldova.

We are also advancing in the production under its own brand, with a common platform called "From the Heart" which brings together Moldovan producers / designers.

The automotive industry is a growing sector for the Moldovan economy. So far, large investors in the sector prefer to position themselves in Moldova's free economic zones, which are an excellent location for industrial development and relocation of export-oriented production.

The IT industry has the potential to become one of the most dynamic and productive economic sectors in Moldova. I would like to mention that employees of IT companies can benefit from tax incentives for income tax on wages - standard taxation being limited to certain monthly amounts (ie two national average wages).

Moreover, our focus are also IT Parks geared to boost development of the IT sector by creating high-value jobs and attracting domestic and foreign investments. The peculiarity of the tax regime consists in application by residents of IT parks of the single tax in the amount of 7% of the sales income registered monthly in the accounting records.

Bilateral trade between Moldova and Germany (slide 18):

Germany - 3rd the most important EU trade partner of the Republic of Moldova.

The bilateral trade had a significantly higher trade turnover in 2017, whereas especially exports of goods increased by 14% in 2017 vs 2016.