RESTRICTED

WT/TPR/G/323

14 September 2015

(15-4654)

Page: 1/17

Trade Policy Review Body

Original: English

TRADE POLICY REVIEW

REPORT BY

REPUBLIC OF MOLDOVA

Pursuant to the Agreement Establishing the Trade Policy Review Mechanism (Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization), the policy statement by Republic of Moldova is attached.

Contents

1 INTRODUCTION

1.1. This report has been prepared by the Government of the Republic of Moldova under the WTO Trade Policy Review process designed to inform WTO Members on economic, business and trade climate of the country. The report is organized in three major parts starting with an Introduction (Section 1). Section 2 (Economic Environment) assesses the economic environment at macro level over the examined period (that is 2001-2015). Section 3 (Trade and Investment) presents key data in the field of international trade in goods, services and intellectual property as well as in relation to investment. Section 4 (Trade Agreements and Arrangements) examines trade institutions and processes relevant to the Republic of Moldova's trade policy.

2 ECONOMIC ENVIRONMENT

2.1. The Republic of Moldova is a small and relatively open economy in which agriculture plays a significant role as it contributes for about 12.6% in 2014 to GDP and 45.5% of total merchandise exports. Services constitute the most important sector in terms of contribution to GDP (some 59.1% in 2014). The industrial output in 2014 compared to 2013 constituted 107.3%. Agricultural production in 2014 increased by 8.6% compared to 2013, of which crop production constituted 10.8%, and animal production 4.1%. The Republic of Moldova has few natural resources and is almost entirely dependent upon imports from the Russian Federation for its primary energy requirements as well as inputs for its manufacturing industries.

2.2. Remittances from large-scale emigration are a major feature of the Republic of Moldova's economy.[1] The Russian Federation is the main source of its total remittances inflows (more than half of the total or about 14% of its GDP in 2014), followed by Italy, Israel and the United States.

2.3. The Republic of Moldova's trade policy is guided by WTO Agreements and a number of Free Trade Agreements (FTAs). Following its accession to the WTO in 2001, the Republic of Moldova has actively participated in subsequent multilateral trade negotiation; in 2015 it has signed the WTO Government Procurement Agreement and the WTO Trade Facilitation Agreement. Both treaties are expected to the ratified by the Parliament in 2015.

2.4. The WTO approach is complemented by the Association Agreement with the European Union, which was signed on 27 June 2014 and is provisionally applied since 1 September 2014; the Central Europe Free Trade Agreement (CEFTA 2006), in force from 1 May 2007; Turkey Free Trade Agreement, signed on 1 September 2014 and expected to enter into force by the end of 2015. A number of other FTAs are in force. As a result of these commitments, the Republic of Moldova has implemented many economic reforms over the examined period.

2.1 Macroeconomic policies and development

2.5. Despite sound economic reforms the economic conditions of the Republic of Moldova remain volatile. After a remarkable recovery from the economic crisis of 2009 (the real GDP growth rate averaged 4.9% during 2010-14), in 2014 the GDP 4.6% (down from 9.4% in 2013), with the unemployment rate increasing to 6%. This change is due to an important slowdown in agriculture and related industries, as well as weaker economic activity in some of its main trading partners, notably the Russian Federation and Ukraine. A significant impact is attributable to the Russian embargo on the export of wines and some agricultural products applied by the Russian Federation since 1 September 2014. The decline was also heavily influenced by the fluctuations of the exchange rates, given that all Moldovan national statistics is compiled based on US dollars.

2.6. As a result of the strengthening of its fiscal policy framework and revenue on the back of strong GDP growth, the Republic of Moldova reduced its overall budget deficit (excluding grants) from 8.5% of GDP in 2009 to 5.4% in 2014. However, the overall budget deficit (excluding grants) is expected to increase to 6.6% of GDP in 2015 reflecting, *inter alia*, significant wage and pension increases, new *ad hoc* tax benefits, and weaker economic activity. To reduce the budget deficit to a level that can be sustained without exceptionally high donor support, further measures are necessary, such as reforming the social security and health systems, and enhancing privatization.

[1] The rising trend in remittances started on the back of the 1998 regional crisis, which encouraged many Moldovans to work overseas.

2.7. Despite being affected by the global economic crisis and other external shocks, the Republic of Moldova's current account deficit, as percentage of GDP, decreased from 8.2% in 2009 to 5.5% in 2014, after peaking at 11% in 2011. Exchange rate flexibility and on-going trade liberalization efforts, which have had a positive impact on exports, are some of the contributing factors for the improvement of its external sector. With sounder current account position and appreciable capital flows, the National Bank of Moldova (NBM) was able to build up reserves from US$1.48 billion to US$2.16 billion 2009-14.

2.2 Inflation and monetary policies

2.8. Over 2009-14 the annual average inflation rate was 4.9%, which is considered by the IMF as an appropriate accommodative monetary policy. Although the headline inflation has been artificially contained (by about 0.5-1 percentage point) due to unchanged utility tariffs over the last few years[2], the NBM remains vigilant about emerging inflation risk. In view of this risk IN July 2015, the Parliament adopted amendments to the Law on the National Bank of Moldova in order to strengthen its role as a regulator and bank supervisor. In June 2015, the inflation rate amounted to 8.3%.

2.9. Recent reforms of the banking sector were made effective upon the implementation of an amendment to the Law of Financial Institutions', which entered into force in April 2015. The amendment prohibits any quota holder of a bank's capital to offer bank shares as contribution to the capital of a company. Another substantial amendment introduced in this Law is the reduction in the bank's capital share of each person, including groups of persons acting in concert who acquired or is to acquire, by any means, directly or indirectly, a qualifying holding in the share capital of a bank from 5% to 1% (amendment entered into force in August 2014).

2.10. The severe governance problems in the banking system continue to represent a risk to financial stability. Despite legislation restoring the NBM's powers having been enacted, the enforcement of regulatory requirements on banks remains weak.

2.3 Structural reform

2.3.1 Privatization

2.11. The privatisation process in the Republic of Moldova began in 1991 with mass privatization of residential housing, most small-scale traders and over half of small-scale enterprises. After 1996, privatization moved to cash privatization with the goal of selling most of the remaining state assets, in particular large-scale enterprises in the energy and telecommunication sector. Several larger Moldovan firms have been sold for cash and debt assumption to strategic investors. The sale of a cement mill to a leading producer, leather processing firm, several textile producers, several wineries and a hotel in the capital topped the list of transactions.

2.12. In 2007, the Moldovan Parliament approved new provisions concerning privatisation in 2007 by the Law on Public Property Management and its Privatization. Under the law, the Agency for Public Property is the line agency overseeing the state policy in the field of management and privatization of public property, post-privatization activity and exercises the functions of the owner of state property.

2.13. The implementation of this law has marked the beginning of a new stage in the privatization process characterised by widening the types of enterprises subject to privatization. Reforms covered also the diversification of the privatization methods like commercial contests, investment contests where the participants make their offers according to the information published by Public Property Agency about state assets exposed for privatisation. A special commission analyses the offers in a dialog with the bidders and awards the specific asset to the bidder that made the best offer. Also the public property is sold within outcry and discount auctions, these are classical auctions organised by Public Property Agency, as the authority responsible for privatisation. State

[2] In some utility companies the tariff level is below the cost recovery, and it is estimated that the needed adjustment in heating and utility tariffs is about 10%. To achieve greater energy efficiency, the government of the Republic of Moldova has launched a comprehensive restructuring of the centralized heating system in Chisinau, while more favourable electricity and gas prices have been negotiated with foreign suppliers to alleviate expenditure pressures.

owned securities are sold on Stock Exchange, shifting the privatization deals to the capital market and restructuring privatized enterprises.

2.14. One of the growing-interest programmes lead by the Government is the Public-Private Partnership (PPP). The new legal framework for PPP has been approved in 2008 by passing the Law on Public-Private Partnerships and the Law on Concessions. The Laws provides the legal framework for managing concessions of public companies to private ones and thereby attracting private investment into the country. It aims at increasing the efficiency and quality of services, public works and other activities of public interest, as well as the efficient use of public property and public money.

2.15. The main objective of the Law is to regulate the process of concession - a contract whereby the central or local governments grants to an investor, against a fee, the right: (i) to conduct prospecting, exploration, recovery or restoration of natural resources activities on the Moldovan territory; (ii) the right to provide public services; (iii) to exploit movable and immovable property of the central or local government; (iv) to conduct certain types of activities, including the representation of state monopoly, taking over management, presumptive risk and the financial liability.

2.16. As of 31 December 2014, there were 240 state-owned enterprises (SOEs) in the Republic of Moldova (compared with 308 at the end of 2001); the State retains a majority holding in 72 SOEs.

2.17. Largely dictated by public spending needs, the most recent plan of privatization has been adopted in 2012. In order to reduce the participation of the State in joint-stock companies and SOEs, the Government is planning to conduct three privatization rounds in the near future by using legally available privatization methods.

2.3.2 Tax reform

2.18. The transition from a centralized economy to the market economy and rules imposed changes to the legal framework of taxes. The tax regime was reformed and the new tax legislation was put in place, based on the experience of developed western countries. The Republic of Moldova, as other countries of central and Eastern Europe, had the advantage of creating "from the beginning" their fiscal systems, taking advantage of the best western practices. However, due to the specific conditions of economic and social structure of the country, tax policies and rules have been in continuous change, to improve and manage the system and to adapt it to the specifics.

2.19. The Republic of Moldova's Tax Code was adopted by Parliament on April 24, 1997. The State Tax Service is the governmental institution responsible for tax administration in the Republic of Moldova. The main objective of Moldovan tax policy is bringing about efficiency and transparency to the taxation system by developing a new Tax Code which aims at: (i) unifying some taxes in order to reduce the tax burden on business operators; (ii) a more equitable regional re-distribution of funds; (iii) unifying the income tax for both individuals and companies; (iv) introducing a wealth tax on individuals with high income; (v) re-examining the taxation of non-governmental pension funds in order to reduce their tax burden; (vi) revising the system of valuation and re-evaluation of real estate for tax purposes; (vii) revising the costs which can be deducted from the taxation base by companies; (viii) revising the road taxation system; (ix) designing and developing compliance programs for tax payers and risk management programs, including for wealthy individuals; (x) implementing the State Tax Service reform; implementing a "Single Account" system for the payment of taxes; (xi) introducing and developing electronic systems for fiscal declaration and tax payment.

2.20. The draft Tax Code is currently being reviewed by the relevant governmental agencies.

2.3.3 Competition

2.21. The Competition Council is an autonomous authority, subordinated to the Parliament, which ensures the enforcement and observance of the legislation in the domain of competition, state aid and advertising within its competences. The Competition Council was established in 2012 and is the successor of the National Agency for Protection of Competition (2007-2012).

2.22. The Republic of Moldova's competition legal framework, formed by the Law on Competition[3] and the Law on State Aid[4] , aims to maintain a competitive market and is particularly intended to transpose EU provisions into national law.[5] The main legal provisions of the Law on Competition refer to categories of prohibited anticompetitive actions (anticompetitive agreements, abuse of dominant position, the actions or inactions of public authorities and institutions preventing or distorting competition, violations of legal provisions regarding economic concentration, prohibited acts of unfair competition); procedure for investigating anticompetitive practices; merger authorization procedure; conditions for exemption of anti-competitive agreements; determination of the sanctions for violations; and conditions of application of the leniency policy.

2.23. With the aim of introducing certain reforms in this field, the relevant line agencies are discussing seven draft governmental regulations on state-aid. The objectives of the Republic of Moldova in this area are: (i) building institutional capacity in order to duly cover economic, legal and financial aspects of competition and thereby improving the legal enforcement in this area; (ii) revising legislation relating to competition affecting business, in particular identifying and addressing barriers to entry into the market; (iii) developing implementing legislation for the framework law on competition, state-aid and advertising; (iv) ensuring fare and non-discriminatory access to state-owned infrastructure, like telecommunication, transportation, naval ports and airports etc.; (v) enhancing the efficiency of monitoring anti-competitive behaviour with view of easing market entry and de-monopolization of some sectors of economy; (vi) improving law-making in the field of competition, state-aid and advertising; (vii) building a dialogue with central and local governmental authorities, professional and business associations in view of improving the enforcement of competition law; (viii) ensuring transparency and application of the EU legislation in the field of state aid.

2.4 Business climate

2.24. The Republic of Moldova ranks 152nd (out of 189 economies) in the World Bank's Trading Across-Borders 2015 Index; import procedures take 27 days and cost US$1,870 per container (compared with 35 days and US$1,740 per container in 2012).[6] There are customs fees for customs processing: 0.4% of customs value but not higher than €1,800 for imports, and 0.1% but not more than €500 for exports. The Republic of Moldova does not have laws or regulations relating to pre-shipment inspection.

2.25. The Republic of Moldova has made its notification of Category A commitments under the Agreement on Trade Facilitation.[7]

2.26. Further improvements to the business climate in the Republic of Moldova are envisaged in the Regulatory Framework Reform Strategy for Entrepreneurial Activity for 2013-2020. The main objectives of this Strategy are the optimization of procedures for launching, conducting and closing a business and decreasing the administrative burden by approximately 40%.

2.27. In the industrial sector the core objective is the full implementation of the provisions of the Roadmap for Improving the Competitiveness in the Republic of Moldova. This reform will contribute to enhancing the country's competitiveness and consequent improvement of the image of the Republic of Moldova in foreign markets. The Innovation Strategy of Moldova for 2013-2020 aims at improving the institutional framework for research, development and innovation and the allocation and management of financial resources to this effect.

[3] Competition Law No. 183 of 11 July 2012. Six regulations, approved in 2013-2015, constitute the secondary legislation supporting the implementation of the Competition Law.

[4] State Aid Law No. 139 of 15 June 2012. Twenty-one regulations, approved in 2013-14, constitute the secondary legislation supporting the implementation of the Law on State-Aid.

[5] The first national regulations related to the competition domain which ensured the operation of the market economy appeared at the beginning of 90s, alongside with the adoption of the Decision of the Government SSR Moldova No. 2 of 1991 on the urgent measures of de-monopolizing the national economy of the SSR Moldova, which declared the development of the competition principle and repression of the monopolist activity as one of the fundamental directions of the economy. Subsequently, Law No. 906 of 1992 on the restriction of the monopolist activity and competition development was approved. The principle of the free competition and protection of fair competition is stated in the 1994 Constitution.

[6] World Bank Group online information. Viewed at: http://doingbusiness.org/data/exploreeconomies/Moldova.

[7] WTO document WT/PCTF/N/MDA/1, 19 September 2014.

2.28. The business climate in the Republic of Moldova has also been positively impacted by developing an important foundation for quality infrastructure achieved through the transposition of the European quality standards into national standards. During 2010-2014, 10,500 European and international standards have been approved as national standards and, approximately 1,090 national standards conflicting with the European standards have been repealed.

3 TRADE AND INVESTMENT REGIME

3.1 Trade data

3.1. For 2014 year, total exports of goods from the Republic of Moldova amounted to US$2,339.5 million, representing 3.7% less than the data for 2013. The exports of domestically produced goods amounted to US$1,529.6 million. (65.4% of total exports), the difference being attributable to re-exports. The latter figure is smaller with 5.6% compared to the previous year.

3.2. The main destinations of Moldovan exports remained the countries of the European Union (EU-28) with a total amount of US$1,246 million (with 9.6% higher compared to the 2013 year), holding a share of 53.3% in total exports (46.8% in 2013).

3.3. Exports to the CIS countries took a share of 31.4% in 2014 (2013-38%), which corresponds to a value of US$735.6 million. Exports of goods to these countries have decreased by 20.3%, compared to the year 2013.

3.2 Trade policy

3.4. Since the membership of the Republic of Moldova to the WTO in 2001, the country has realized the full liberalization of its import and export regime of goods. Further orientation of trade policy in the Republic of Moldova is the liberalization and harmonization with the elimination of all non-tariff barriers.

3.5. Formulation and implementation of trade policy lies with the Ministry of Economy (ME) in cooperation with other ministries and trade-related agencies. The ME is also responsible for the WTO issues, negotiating and implementing Regional Trade Agreements (RTAs) and promoting trade and investment. The ME holds consultations with the private sector in the formulation of the trade policy on *ad hoc* basis, including organizing briefings on RTA negotiations.

3.2.1 Trade in Goods

3.6. State budget revenue is based on 48% VAT on imported goods and services, 14% excise on imported goods and 6.5% customs duties.

3.7. The Combined Nomenclature of goods of the Republic of Moldova was approved through Law No. 172 of 25 July 2014. Mainly due to changes in tariff nomenclature, the tariff schedule has 9,448 lines, up from 5,990 when it acceded to the WTO in 2001 but down from 9,842 in 2009.[8] Some 5,674 lines have *ad valorem* rates (60.1% of the total), 3,348 are duty free (35.4% of the total) and 426 are non-*ad valorem* (4.5% of the total).[9] *Ad valorem* tariffs are applied on the c.i.f. customs value. Specific duties are levied on 209 lines, including alcoholic beverages and cigarettes. Compound duties (i.e. a combination of *ad valorem* and specific tariffs) are levied on 183 lines (e.g. meat products, butter and dairy spreads). There are 34 lines with "other duties" on products such as motor engines.[10]

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[8] The 2001 tariff is based on HS96 nomenclature, the 2009 is based on HS07, while the 2015 tariff is based on HS12.

[9] In its accession to the WTO, the Republic of the Republic of Moldova indicated that its simple average customs tariff was 9.5% in 1995 (WTO document WT/ACC/MOL/37, 11 January 2001).

[10] Other duties refer to: (i) goods of subheading 8707.10 (50% of the amount of excise duty, calculated for vehicles of the same type, but not less than the duties calculated for a conventional diesel engine, capacity 1,800 cc); (ii) for motor vehicles, subject to excise duty, of heading 8703 (10% of the amount of excise duty calculated for vehicles with the same engine capacity and operational period of 5 years); and (iii) other types of motor vehicle engines (15% of the customs value, except for the engines of subheadings 8407.90 and 8408.90 for pedestrian controlled tractors of heading 8432, for which tariff is 0%).

3.8. Since its accession to the WTO, the Republic of Moldova has increased the rate of its applied MFN tariff. The simple average MFN tariff went from 4.9% in 2001 to 5.3% in 2009 and 6.3% in 2015.[11] MFN applied tariffs average 13.5% on agricultural products and 4.4% on non-agricultural goods in 2015. Tariff rates range from zero to 25% without AVEs, while the highest rate including AVEs is 82.7% on certain beer. The modal (most frequent) rate is zero. By HS section, the highest tariff rates are prepared food, followed by fats and oils, and footwear and headgear. The Republic of Moldova does not participate in the Information Technology Agreement (ITA).

3.9. During the review period, the Republic of Moldova has not made significant changes to border measures affecting the manufacturing sector. In 2015, the average tariff (including certain AVEs) on imports of manufactured goods (ISIC 3 definition) was 6.2%, up from 5.2% in 2009; the average tariff on the subset of non-food processing products was 4.5% in 2015, against 3.7% in 2009. Some of the highest tariff protection levels applied to prepared food, beverages and tobacco, footwear, arms and ammunition, and leather products. The Republic of Moldova applies an import surcharge on certain motor vehicles (34 tariff lines); the surcharge rate ranges between 10% and 50% of the relevant excise tax amount, calculated as a function of engine capacity and age.

3.10. The Republic of Moldova applies MFN import TRQs, 10% in-quota and 75% out of quota rates, to 28 HS lines as follows: (i) 1,000 tonnes on HS 1701; (ii) 5,500 tonnes on HS 170191 and HS 170199; and (iii) 1,840 tonnes on HS 1702.

3.11. Since its accession to the WTO in 2001, the Republic of Moldova has neither imposed nor initiated any anti-dumping or countervailing measures.

3.2.1.1 Agricultural Products

3.12. The Republic of Moldova's applied MFN tariffs on agricultural products (WTO definition), including certain AVEs, averaged 13.5% in 2015, up from 12.1% in 2009; non-*ad valorem* tariffs applied mostly to agricultural imports. Tariff protection remains highest for sugar (75%), followed by animals and animal products (averaging 16.2%). The Republic of Moldova applies seasonal tariffs to 14 lines (e.g. certain types of potatoes, tomatoes, cucumbers, grapes and other fruits). It applies tariff rate quotas on imports of sugar; preferential tariff rate quotas are also in place for certain exports under autonomous trade preferences granted by the EU in 2008. Certain agricultural products are subject to import licensing requirements. No taxes or licensing requirements apply to agricultural exports.

3.2.1.2 Technical Barriers to Trade

3.13. The Republic of Moldova's legal framework includes, *inter alia*, the Law on Standardization No. 590-XIII of 22 September 1995[12] , the Law on Metrology No. 647 of 17 November 1995, the Law on Technical Regulation No. 420-XIV of 22 December 2007, the Law on Accreditation and Conformity Assessment No. 235 of 1 December 2011[13] ; and the Law on Consumer Protection No. 105-XV of 13 March 2003.[14]

[11] The tariff is calculated taking into account the *ad valorem* lines, the *ad valorem* component of compound rates, as well as the *ad valorem* equivalents (AVEs) of non-*ad valorem* rates (i.e. specific lines, and the non-*ad valorem* component of compound duties). The AVEs are calculated using average unit prices, i.e. as the ratio of specific duties to import unit values, estimated by the ratio of import to import quantities/volumes for the latest available year: 2013 import data for the 2015 tariff (62 AVEs are included out of 209 specific rates); 2009 import data for the 2009 tariff (88 AVEs are included out of 224 specific rates); and 2001 import data for the 2001 tariff (17 AVEs are included out of 19 specific rates). In case no AVE could be calculated, the *ad valorem* part of the compound rate was included.

[12] The Law on Standardization No. 590-XIII dated September 22, 1995 was duly republished on 25 May 2012 in Monitorul Oficial No. 99-102 art. 328. Its main objectives, *inter alia*, are to ensure that the technical regulation and regulatory specifications of products, processes and services comply with their intended use.

[13] The Law on Accreditation and Conformity Assessment aims to ensure national security, avoid frauds, preserve the environment through the conformity assessment of products, equipment, processes, technologies, production systems and potentially dangerous works, software, quality systems and services, as well as the supervision of products on the market and/or used in the Republic of Moldova.

[14] The Law on Consumer Protection aims to protect the rights of every consumer against the risk to purchase a product that could affect health, life or security or to prejudice his legitimate rights and interests.

3.14. The Ministry of Economy is the WTO TBT Enquiry Point. The National Institute of Standardization (NIS) is responsible for the implementation and administration of Annex 3 of the TBT Agreement (Code of Good Practice) for the preparation, adoption and application of standards. In 2013, the Republic of Moldova notified the WTO of its acceptance of the Code of Good Practice.[15] The Republic of Moldova has submitted 24 notifications to the TBT Committee (up to March 2015).[16]

3.15. 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[17]: National Institute of Standardization (NIS), National Institute of Metrology (NIM), National Centre of Accreditation (MOLDAC), and Consumer Protection Agency (CPA).

3.16. Regulations for industrial products are based on the EU's "New and Global Approach" (setting-up of essential requirements defined to meet health, safety, and environmental objectives). The technical characteristics of the products are provided in the (voluntary) standards drafted by the stakeholders following the procedures of the European standardization organizations. Technical regulations are applied to products for which safety is an issue, such as construction products, medical devices, and certain electrical equipment, toys, machinery, lifts, household appliances, etc. These products are subject to testing, certification or prior approval procedures.

3.17. National standards are being harmonized with international or regional, in particular European standards. At the end of April 2014, the Republic of Moldova had 24,915 national standards, 34.1% of which were EU standards and 10.2% were international ISO/IEC standards. The Republic of Moldova aims to reach a portfolio of 80% of EU standards by 2017, through the adoption of international/EU standards only. To this end, NIS is partially funded by the state budget. Some 95% of harmonized the EU standards have already been adopted as national standards in the Republic of Moldova. At the same time, NIS is abolishing incompatible standards, including GOST Soviet/Russian incompatible standards.

3.18. The Republic of 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 Electro-technical Commission (IEC), the European Committee for Electrotechnical Standardization (CENELEC), the European co-operation for Accreditation (EA), and the Metre 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).

3.2.1.3 Trade Remedies

3.19. The Republic of Moldova has so far initiated two safeguard investigations. On 10 June 2003, regarding imports of sugar[18], and on 18 June 2003 with respect to imports of cosmetic and perfumery products.[19] On imports of sugar, a definitive safeguard measure was introduced in 2004, which expired on 31 December 2012.[20] A provisional measure for 200 days was imposed on imports of cosmetic and perfumery products but was later suspended due to lack of clear evidence.

3.2.2 Trade in Services

3.20. The trade in services is a complex area of Moldovan international trade. The sector is characterized by a low diversity of exported services. However, many reforms in this sector have been recently triggered by the Republic of Moldova's EU integration process. For example, in line with its commitments under the AA/DCFTA with the EU, on 6 June 2013, the Moldovan Parliament

[15] WTO document G/TBT/CS/N/182, 23 August 2013.
[16] WTO document series G/TBT/N/MDA.
[17] Government Decision No. 996 of 27 December 2012 and Government Decision No. 77 of 25 January 2013.
[18] WTO document G/SG/N/6/MDA/1, 30 September 2003.
[19] WTO document G/SG/N/6/MDA/2, 13 July 2004.
[20] Law No. 8-XV of 5 February 2004.

adopted the Law on the Optional Pension Funds. In 2015 it is planning to adopt the Law on Post Offices and the National Strategy for the Development of Informational Technology (Digital Moldova 2020). A Governmental Decision from 8 August 2014 approved the Methodology of Governmental Open Data.

3.21. Some services sector-specific developments in the examined period are reflected below:

a. Energy

3.22. The Moldovan energy market is small and fragmented and the primary energy supply matrix remains dominated by fossil fuels, with natural gas being the input for most locally produced electricity. Notwithstanding some steps towards supply diversification, the Republic of Moldova remains strongly dependent on natural gas imports from the Russian Federation; other supply-side risks are linked to internal and regional socio-political tensions (Transnistria, Ukraine and the Russian Federation).

3.23. In May 2010, the Republic of Moldova became a contracting party to the Energy Community Treaty, thus formalizing a commitment to bring its energy sector in line with the EU rules and practices. Specifically, the Republic of Moldova undertook to gradually implement the Energy Community *acquis* comprising the core EU legislation on electricity, natural gas, renewable energy, energy efficiency, oil reserve stocks, protection of competition and the environment, and energy statistics. The Energy Community's long-term objectives are the creation of a single regulatory space and the establishment of a single energy market, including an external energy trade policy and a mutual assistance mechanism.[21]

3.24. In June 2015, draft laws on electricity and natural gas were undergoing public hearing, and a draft law on promotion of renewable sources of energy is at the final stage of parliamentary approval. The new body of legislation is aimed at implementing the Republic of Moldova's Energy Community commitments. The transposition of EU rules on unbundling for the natural gas market has to be carried out by 1 January 2020.

b. Financial Services

3.25. The Republic of Moldova's financial system is still underdeveloped, with a shallow non-bank segment. Banks continue to dominate the financial system. Most remaining financial sector assets are almost evenly split between the insurance and microfinance sub-segments. State participation in financial services has been diminishing; at end-2014, it consisted of a 33.4% share in the capital of one bank (down from 56.1% and 21% shares in two banks in 2009).

3.26. In the context of its Association Agreement with the EU, the Republic of Moldova has committed to a ten-year time frame for the gradual approximation of its legislation on financial services to the EU regulatory framework. The Association Agreement does not stipulate any GATS plus commitments in financial services.

3.27. The current prudential framework for banks is largely in line with the first generation of Basel Committee provisions known as Basel I Framework, which are less sophisticated than those set out in the second and third generations; efforts to implement Basel II/III are underway (for this purpose, a Twinning Project has been launched in June 2015 and will be finalized in 2017). As from January 2012, all licensed banks are required to keep their accounting and prepare financial statements in accordance with international financial reporting standards developed by the International Accounting Standards Board; as from April 2014, annually banks shall submit their consolidated reports prepared in accordance with international financial reporting standards to the National Bank of Moldova.

3.28. The Republic of Moldova's capital market is still embryonic, with trading taking place only in shares and bonds; trading mechanisms for derivatives and Government bonds (secondary market)

[21] Online information. Viewed at: http://www.energy-community.org/portal/page/portal/ENC_HOME/ENERGY_COMMUNITY/Legal/Treaty/About_the_Treaty.

are yet to be implemented.[22] During the review period, over-the-counter (off-exchange) deals related to the privatization process accounted for the bulk of transactions (around 60%). The Republic of Moldova has taken steps to align its legislation governing primary and secondary capital market activities with the EU legal framework. There are no restrictions on foreign portfolio investment in the Republic of Moldova.

3.29. The Republic of Moldova's schedule of services commitments does not contain any specific limitations on market access and national treatment for the provision of insurance and insurance-related services.[23] Insurance activities can only be performed by Moldovan-incorporated joint-stock companies licensed by the NCFM; foreign investors may enter the Moldovan insurance market through (partial or full) acquisition of an existing insurance company or incorporation of a new one.[24] There are no statutory limitations on either the type or the location of risks that companies may insure; no ownership-based limitations are applied on the type of services that may be offered.

c. Communication services

3.30. The State retains full ownership of the incumbent postal services operator Posta Moldovei, the incumbent broadcasting operator Radiocomunicaţii, and the incumbent fixed-telephony operator Moldtelecom, which is also active on the mobile telephony segment through its subsidiary Unité.

3.31. The Republic of Moldova has respected all specific commitments in telecommunication services assumed upon its accession to the WTO, including those spelled out in the Reference Paper on regulatory principles for basic telecommunications services.[25] Entry in the electronic communications market has been liberalized as from 1 January 2004.[26] The legal framework for recognising electronic contracts and signatures has been in force since 2004.[27]

3.32. The opening up of the electronic communications market has been complemented with gradual (voluntary) alignment of the Moldovan legal and regulatory framework to the one applied in the EU. Legislative harmonization has been carried out on the basis of EU directives on: access and interconnection (2002/19/EC); authorization of networks and services (2002/20/EC); regulatory framework (2002/21/EC); and universal service (2002/22/EC).[28] Nevertheless, delays in the adoption of implementing regulations continue to cause enforcement lags in some areas, such as universal service obligations.[29]

3.33. In its GATS commitments on postal services, the Republic of Moldova has reserved for the national postal services operator, Posta Moldovei, the monopoly on international postal services and internal postal services related to letters up to 350 grammes (CPC5711); Posta Moldovei was also to have a monopoly on post office counter services (CPC75113) until 31 December 2004.[30]

d. Transport

3.34. Although efforts to reverse the infrastructure decline after the 80', this trend has intensified in recent years, further reforms and significant investments are still required to address the relatively high transportation costs and low journey speeds, and to improve safety conditions. The Republic of Moldova applies VAT at zero rate to international transportation.

[22] The NCFM approved a concept mechanism for the trading of Government securities (with maturity greater than one year) in December 2013 and set out the conditions for traders' admission to the government securities market in a Regulation adopted in March 2014.

[23] WTO document GATS/SC/134, 21 December 2001.

[24] In 2014, non-residents owned some 26.5% of the total share capital of Moldovan-incorporated insurance companies.

[25] WTO document GATS/SC/134, 21 December 2001.

[26] Law No. 1134-XV of 14 June 2002 amending and supplementing Law No. 520-XIII of 7 July 1995.

[27] Law No. 264-XV of 15 July 2004.

[28] Law on Electronic Communications No. 241-XVI of 15 November 2007.

[29] Harmonization with directives 2002/58/EC, 2009/136/EC and 2009/140/EC, by 2016, is envisaged in a National action plan for the implementation of the Association Agreement with the EU (Government Decision No. 88 of 7 October 2014).

[30] WTO document GATS/SC/134, 21 December 2001.

3.35. Air traffic has been on the rise and is expected to expand further, as the Republic of Moldova gradually integrates into the European Common Aviation Area (ECAA). Since 2009, small maritime vessels have been able to call at the Moldovan port of Giurgiulesti, fostering the rapid development of the port complex and the steady growth of cargo handling volumes.

3.36. The entry into force of a new Road Transport Code[31] eliminated the monopoly of road transportation, requiring only that private operators link up their ticket sales systems to the one of the State enterprise. In June 2015, there were six privately-owned bus terminals and 26 owned by State. No companies with State participation are involved in freight and non-urban passenger transport. Interurban bus services, comprising some 3,000 national and some 200 international routes, are, in principle, open to competition.

3.37. The entire railway transport segment in the Republic of Moldova is exclusive public property; assets directly involved in transportation and/or repair works are not subject to privatization.[32] The State holds a monopoly on, *inter alia*, freight and passenger services; it is also in charge of the Moldovan railroad network (west of the river Dniester), which is reserved exclusively for State-owned locomotives.[33]

3.2.3 Trade-related intellectual property rights (TRIPs)

3.38. The Republic of Moldova's has fully complied with its WTO TRIPS commitments. The main IPR objective is to ensure a level of protection similar to that in the EU, including effective means of enforcement. The legal framework is being amended in order to harmonize it with the EU legislation in line with the National Intellectual Property Strategy (NIPS) 2012-20, the NIPS Action Plan 2012-14[34], and the Association Agreement between the EU and the Republic of Moldova (Title V Chapter 9 on IPRs).

3.39. Over 2008-14, the trademarks applications/registrations of the Republic of Moldova led with 84% and 86% of total applications and registrations in 2014, respectively. This was followed by industrial designs, and inventions (including short-term patents). About 27% of applications were filed by national applicants, the remaining 73% appertaining to foreign applicants who have acted by both national and international way, under the Madrid System-for trademarks, The Hague System–for industrial design, Lisbon System-for appellations of origin, the Patent Cooperation Treaty (PCT)-for inventions.

3.40. The Republic of Moldova is a signatory to 26 international and 7 CIS IPR treaties and agreements, and cooperates with more than 30 IP offices around the world.

3.41. The regulatory body in charge of the legal protection of trademarks, patents and copyrights is the State Agency for the Intellectual Property (AGEPI) established in 1992 and reorganized in 2004 and 2014.[35] Its main responsibilities include: granting IP rights, formulation of IP policy, elaboration and development of IP legislation, observance the implementation of national legislation and of international agreements, and IP education and training.

3.42. The National Commission on Intellectual Property (NCIP), is an advisory body under the Government, established in 2008, to coordinate and ensure the interaction of ministries, other central administrative authorities and holders of IP rights in activities aimed at developing and strengthening the National Intellectual Property System, combating and preventing IPR infringements and fighting against counterfeiting, import and sale of counterfeit goods in the Republic of Moldova.[36]

[31] Law No. 150 of 17 July 2014.

[32] Laws No. 309-XV of 17 July 2003 and No. 121-XVI of 4 May 2007.

[33] Government Decision No. 582 of 17 August 1995.

[34] The NIPS 2012-20 and the NIS Action Plan 2012-14 were approved by Government Decision No. 880 of 22 November 2012.

[35] Law No.114 of 3 July 2014 on the State Agency on Intellectual Property, published in Monitorul Oficial No. 282-289 of 26 September 2014.

[36] Government Decision No. 489 of 2008. NCIP includes persons in charge of the following institutions: AGEPI, Academy of Sciences of Moldova, Ministry of Economy, Ministry of Justice, Ministry of Internal Affairs, Ministry of Information Technology and Communications, Customs Service, Center for Combating Economic

3.43. Led by AGEPI, several other institutions are involved in the protection, enforcement and defense of IPRs: Judiciary System; Prosecutor General's Office; Customs Service; Ministry of Internal Affairs (MIA); the Competition Council (CC); Ministry of Information Technology and Communications; and Ministry of Agriculture and Food Industry.

3.44. The Board of Appeals, under AGEPI, is specialized body for the extrajudicial settlement of appeals filed against decisions of registration/patenting or rejection of applications for registration/patenting of IPO. Decisions taken by the Board of Appeals may be appealed by the parties in the courts in the manner and within the time limits established by the legislative acts in the field of intellectual property and the law of civil procedure.

3.45. Disputes involving IPO relate to two categories: appeals examined by the Board of Appeals and disputes examined in courts. During 2003-2014, of 1,718 decisions issued by the Board of Appeals, 186 were contested in court (10.8% of total decisions), of which 119 judgments were maintained and 67 judgments were cancelled, respectively, 36% of contested ones or 3.9% of the total of adopted ones.

3.46. In accordance with the provisions of the Law on Copyright and Related Rights, AGEPI established the Mediation Board in the field of intellectual property, examining and settling disputes assigned to its competence according to the special laws in the field of intellectual property and disputes in the field of collective management of copyright and related rights. Currently, the Regulation of the cited Board is in the process of drafting with the AGEPI.

3.47. In order to familiarize the general public with the results of the examination of IP disputes and in the context of implementation of the RM-EU Action Plan regarding the public access to legal information and case law in this area, AGEPI initiated in 2007 the publication on its website[37] of court decisions and judgments on intellectual property cases.

3.3 Investment policy

3.48. The legal framework to regulate foreign investment is contained in the Law on Investments in Entrepreneurial Activity.[38] It defines rights and responsibilities of investors, and public authorities in the field of investment, guarantees provided by the state for local and foreign investors, methods of resolution of investment disputes, as well as principles of foreign investment regulations. In addition, the Constitution ensures non-discriminatory treatment and guarantees the inviolability of both foreign and domestic investments of natural and juridical persons.[39]

3.49. The Ministry of Economy (ME) is responsible for maintaining a favourable investment climate. The ME's priorities include improving the business environment, increasing economic competitiveness particularly in light of the implementation of the DCFTA, and modernizing the infrastructure to attract larger FDI inflows. The Moldova Investment and Export Promotion Organization (MIEPO) is a public non-profit institution coordinating policy implementation for competitiveness, export promotion and investment attraction in the Republic of Moldova.[40]

3.50. The Republic of Moldova allows full foreign participation in most activities. However, regarding financial services, residents from jurisdictions that do not apply international standards on transparency are not allowed to buy and/or have direct or indirect holdings in a bank's capital. Additionally, a prior written approval is required from the National Bank of Moldova for: (i) the acquisition of a qualifying holding in a bank's share capital or increase his/her qualifying holding; (ii) the acquisition of a holding in a bank's share capital if the voting rights of that holding have been suspended and (iii) the contribution with his/her bank's shares to the capital of other companies. According to the authorities, these requirements are of prudential character aimed at

Crimes and Corruption, Center for Consumer Protection, Executive Committee of ATU Gagauzia. The President of NCIP is the Deputy Prime Minister and Minister of Economy.

[37] Online information viewed at: http://agepi.gov.md/md/practice/decisions/.

[38] Law No. 81-XV of 18 March 2004.

[39] Other laws affecting foreign investment include: the Law on Property; the Law on Entrepreneurship and Enterprises; the Law on Joint Stock Companies; the Law on Small business Support; the Law on Financial Institution; the Law on Franchising, and the Tax Code.

[40] MIEPO was created under Government Decision No. 109 on 12 February 2014. MIEPO is member of the World Association of Investment Promotion Agencies, and its services are free of charge.

providing protection of investors, depositors and at ensuring the integrity and stability of the national financial system. They equally apply to both to local and foreign investors.

3.51. Certain restrictions also apply to the acquisition of agricultural and forested land.[41] Foreigners may become landowners only through inheritance and may only transfer the land to Moldovan citizens. Foreigners are permitted to buy all other forms of property in the Republic of Moldova, including land plots under privatized enterprises and land designated for construction.

3.52. No minimum level of investment is required to invest in the Republic of Moldova. Investments cannot be subject to expropriation or to any other similar measures which can directly or indirectly deprive investors of their property right or the right to control investments, unless the following conditions are met: the measure is undertaken for the general public good with a fair and preliminary compensation and it is not discriminatory; and it is due to contractual conditions established under public-private partnership. The public utility and the compensation of damage shall be determined in accordance with the Law on expropriation of public utility.[42]

3.53. Investors have the right to sue public authorities for damages caused due to illegal actions and decisions. For the domestic investor the compensation is paid in Moldovan Leu, and for the foreign investor in domestic and/or foreign currency.

3.54. The Republic of Moldova has 39 bilateral investment treaties (BITs)[43] and 36 double taxation agreements (DTAs) in force.[44] It is also a contracting party to the International Centre for Settlement of Investment Disputes (ICSID). Since 1992, the Republic of Moldova has been a member of the Multilateral Investment Guarantee Agency (MIGA).

3.55. Both local and foreign enterprises registered in the Republic of Moldova, other then those established in FEZs and/or industrial parks, benefit from a number of tax incentives according to the Tax Code and other fiscal legislation.

3.56. The Republic of Moldova also offers specific incentives for the residents of Free Economic Zones (FEZs) and Industrial Parks. FEZs are created for a period of 25-30 years and offer, *inter alia*, the following incentives: (i) exemption from VAT, except goods delivered to the domestic market; (ii) exemption from customs duties on goods imported into the FEZ and subsequently exported; (iii) exemption from excise duties on goods imported into the FEZ and subsequently exported; (iv) entities established in the FEZ which export goods and services from FEZ outside the customs territory of the Republic of Moldova or deliver the produced goods to other FEZ are entitled to a 50% exemption of corporate income tax (CIT); and (v) the income obtained from exports of goods and services originating from the FEZ outside the customs territory of the Republic of Moldova or from supply to other FEZ residents is CIT exempted for a period of up to 5 years. Investors in FEZs are protected from changes in legislation for a period of up to 10 years.

3.57. Enterprises deriving over 50% of their income from the sale of their own software are exempt from income tax for a period of 5 years.

3.58. Enterprises residing in the international port of Giurgiulesti are entitled to 75% exemption of corporate tax payment for a period of 10 consecutive years, starting the first fiscal period after

[41] Price Waterhouse Coopers (2014).

[42] Law No. 81-XV of 18 March 2004.

[43] Albania; Austria; Azerbaijan; Belarus; Belgium and Luxembourg; Bosnia and Herzegovina; Bulgaria; China; Croatia; Cyprus; Czech Republic; Estonia; Finland; France; Georgia; Germany; Greece; Hungary; Israel; Italy; Kuwait; Kyrgyzstan; Latvia; Lithuania; Montenegro; Netherlands; Poland; Romania; Russian Federation; Slovakia; Slovenia; Spain; Switzerland; Tajikistan; Turkey; Ukraine; United Kingdom; United States and Uzbekistan. The Republic of Moldova also signed a BIT with Iran (Islamic Republic of) but is not in force.

[44] Albania; Armenia; Austria; Azerbaijan; Belarus; Belgium; Bosnia and Herzegovina; Bulgaria; Canada; China; Croatia; Cyprus; Czech Republic; Estonia; Finland; France; Georgia; Germany; Greece; Hungary; Ireland; Israel; Italy; Japan; Kazakhstan; Kuwait; Kyrgyzstan; Latvia; Lithuania; Luxembourg; Macedonia (TFYR); Netherlands; Oman; Poland; Portugal; Romania; Russian Federation; Serbia; Slovakia; Slovenia; Spain; Switzerland; Tajikistan; Turkey; Ukraine; United Kingdom; and Uzbekistan. UNCTAD online information.

(the fiscal period) the taxable income was recorded. Further and until the expiration of the Law on Free International Port Giurgiulesti they are entitled to 50% of corporate tax exemption.[45]

4 TRADE AGREEMENTS AND ARRANGEMENTS

4.1 World Trade Organization

4.1. In November 1993, the Republic of Moldova applied for accession to the GATT. Following the conclusion of the Uruguay Round, it applied to accede to the WTO on 31 January 1995. On 26 July 2001, the Republic of Moldova became the 142 Member of the WTO. Its accession to the WTO including its Protocol and the provisions of the WTO take priority over any WTO-inconsistent domestic laws and regulations.

4.2. The Republic of Moldova grants at least MFN treatment to all its Members. The country has recently completed negotiations on WTO Government Procurement Agreement (GPA). The Republic of Moldova is not a party to the Information Technology Agreement (ITA) and the WTO Agreement on Trade in Civil Aircraft it fully supports the multilateral trading system and endorses the Bali Package, notably the WTO Agreement on Trade Facilitation.[46]

4.3. The Republic of Moldova has been involved in two trade disputes: one as complainant[47], and one as respondent.[48]

4.4. The Republic of Moldova has made regular notifications to the WTO; however, at the end of 2014, it had 27 outstanding notifications.[49]

4.2 Republic of Moldova's EU integration

4.5. The EU is the biggest trading partner of the Republic of Moldova accounting for 53.3% of merchandise exports and 48.3% of its imports in 2014. The EU is also the main investor in the country. An independent study predicts that the DCFTA, once fully into force, will increase the Republic of Moldova's exports to and imports from the EU by 16% and 8%, respectively. The country's GDP could increase by 5.4% or €142 million in the long-term.[50]

4.6. The accession of the Republic of Moldova to the EU is therefore one of its major foreign policy objectives. The country aims at having the status of EU candidate country by 2017 and full EU membership by 2020. This will require the country to align its legislative framework with the EU legislation, which is on-going.

4.7. On 27 June 2014, the Republic of Moldova and the EU have signed the Association Agreement (AA) and Deep and Comprehensive Free Trade Area (DCFTA) provisionally applied since 1 September 2014. It currently coexists with the EU's Regulation on Autonomous Trade Preferences. The DCFTA will come fully into force once all national Parliaments of EU Member States ratify it.

4.8. The AA has three main components: visa liberalisation (launched in April 2014), increased political cooperation, and the DCFTA.

4.9. The DCFTA covers trade in goods and services including tariff elimination or reduction over a maximum of 10 years. On import duties, the process will be "asymmetric": while EU import duties on most Moldovan products will be eliminated, those on key EU products entering the Republic of Moldova will be removed over ten years. It also contains provisions on the facilitation of customs

[45] Law No. 8-XV of 17 February 2005.

[46] The Republic of Moldova has already made its notification of Category A commitments under the Agreement on Trade Facilitation. WTO document WT/PCTF/N/1/MDA/1, 19 September 2014.

[47] Ukraine — Taxes on Distilled spirits. See WTO document series DS423.

[48] The Republic of Moldova — Measures Affecting the Importation and Internal Sale of Goods (Environmental Charge), with Ukraine as complainant. See WTO document series DS421.

[49] WTO Statistics database, "Trade Profiles: Moldova". Viewed at: http://stat.wto.org/CountryProfile/WSDBCountryPFHome.aspx?Language=E.

[50] EU online information. Viewed at: http://trade.ec.europa.eu/doclib/press/index.cfm?id=994.

procedures, on anti-fraud measures and trade defence instruments. A bilateral dispute settlement procedure is envisaged to solve issues in an expeditious manner.

4.10. The DCFTA also provides for further opening of the services markets and improvement of establishment conditions for investors. It sets a path to bring Moldovan legislation closer to that of the EU legislation in a wide number of regulatory policy areas, such as rules for export of agricultural goods and food safety in general, regulations for industrial products and conformity assessment, management of customs, including enforcement of intellectual property rights at the border, rules on public procurement and wide alignment to the EU rules in services.[51]

4.11. On 7 of October 2014, the Republic of Moldova adopted the National Action Plan for the implementation of the AA and DCFTA. The commitments undertaken under these instruments relate to improving the business climate, promoting and attracting investments development, supporting the productive sector of the economy, promoting technological development of the industrial sector, enhancing energy security, modernizing the quality infrastructure system.

4.12. The Plan provides that line ministries and other public institutions will ensure, within the limits of their competence, the implementation of commitments arising from the AA/DCFTA, and will make quarterly progress reports to the Ministry of Foreign Affairs and Economic Integration (MFAEI). The Ministry of Economy of the Republic of Moldova is responsible for the coordination and monitoring of the implementation of the DCFTA commitments.

4.3 Regional Trade Agreements (RTAs)

4.13. In 2014, merchandise trade with RTAs partners accounted for 76.2% of the Republic of Moldova's total imports and 85.9% of total exports. According to the authorities, with the exception of the free trade agreement with the EU for which there is an average preferential rate of 0.8% on all products (2.7% for agriculture and 0.3% for non-agricultural goods), the rest of the Republic of Moldova's RTAs in force are duty free.

4.14. The Republic of Moldova has 14 RTAs in force encompassing 45 partners: Albania; Armenia; Azerbaijan Republic of; Belarus; Bosnia and Herzegovina; the EU (28); Georgia; Kazakhstan; UNMIK/Kosovo; Kyrgyz Republic; FYR of Macedonia; Montenegro; the Russian Federation; Serbia; Tajikistan; Turkmenistan; Ukraine; and Uzbekistan. Seven of the Republic of Moldova's RTAs have been notified to the WTO, some of which have been reviewed by the Committee on Regional Trade Agreements, while seven RTAs are still to be notified. On 11 September 2014, the Republic of Moldova also signed a free trade agreement with Turkey, which is not yet in force.

4.4 Other trade arrangements

4.15. Over the last few years, the Republic of Moldova has received Generalised System of Preferences (GSP) treatment from Canada, the EU, Japan, Norway, Switzerland, Turkey, and the United States.[52]

4.16. Since 1 March 2008, the Republic of Moldova has been benefitting from the EU's Autonomous Trade Preferences (ATP) scheme, which currently coexists with the DCFTA. The ATP offers free access to the EU market without quantitative restrictions and customs fees, withdrawal of tariff caps for industrial products and improved access to the EU market for agricultural products. The exceptions being a small number of sensitive goods for the EU and are subject to annual duty-free tariff quotas, and fruit and vegetables, fresh or chilled, for which the import duties are applied excluding the *ad valorem* component. In December 2013, the ATP was amended to extend duty-free treatment to Moldovan wine. The ATP will apply until 31 December 2015 to make it easier for business to adapt during the transition period between the ATP and the DCFTA.[53]

[51] WTO document WT/REG352/N/1, 2 July 2014.
[52] WTO PTA Database. Viewed at: http://ptadb.wto.org/; and UNCTAD (2011).
[53] EU online information. Viewed at: http://ec.europa.eu/trade/policy/countries-and-regions/countries/moldova/.

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