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TRADE POLICY REVIEW

REPORT BY THE SECRETARIAT

REPUBLIC OF MOLDOVA

This report, prepared for the first Trade Policy Review of Republic of Moldova, has been drawn up by the WTO Secretariat on its own responsibility. The Secretariat has, as required by the Agreement establishing the Trade Policy Review Mechanism (Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization), sought clarification from Republic of Moldova on its trade policies and practices.

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Document WT/TPR/G/323 contains the policy statement submitted by Republic of Moldova.

Note: This report is subject to restricted circulation and press embargo until the end of the first session of the meeting of the Trade Policy Review Body on Republic of Moldova. This report was drafted in English.

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SUMMARY

1. The Republic of Moldova became the 142nd Member of the WTO in July 2001. This is its first Trade Policy Review. Since its independence in 1991, the Republic of Moldova embarked on an ambitious reform programme aimed at transforming a centrally-planned economy to a fully-functioning market economy, and restoring macroeconomic stability. It has largely met these objectives creating an outward-oriented economy, well integrated worldwide. Liberalization of trade and investment, driven by commitments taken during its accession to the WTO in 2001 and its goal to accede to the European Union (EU), has been a major feature in this process. Nonetheless, political tensions, internally and in some of its main trading partners pose big risks.

2. The Republic of Moldova is a small, landlocked economy although in 2009 it gained indirect maritime access by opening the port of Giurgiulesti on the Danube. It has few natural resources and is almost entirely dependent upon imports from the Russian Federation for its primary energy requirements. Services constitute the most important sector in terms of share of GDP (almost 60%). Agriculture plays a significant role as it contributes for about 13% to GDP and provides almost half of total merchandise exports. Despite a sharp decline in poverty in recent years, the Republic of Moldova is one of the poorest countries in Europe, with a GDP per capita estimated at US$2,233 in 2014.

3. Real GDP growth rate averaged 5.4% during 2010-14, which was among the strongest in the region and largely the result of sound macroeconomic policies and structural reforms. As a result, the unemployment rate was reduced to 5.1% in 2013 after peaking at 7.4% in 2010. However, growth has been volatile reflecting vulnerability to climatic and geopolitical conditions; a contraction in economic activity of 1-2% is expected in 2015. Some of the main risks to the Republic of Moldova's outlook relate to fluctuations in remittances from workers abroad (22% of GDP), and donor support (about 10% of government spending). Furthermore, possible disruption of trade routes and gas supply can severely impact the economy since all land routes to CIS countries pass through Ukraine, and the Republic of Moldova is almost totally reliant on Russian gas transported via pipelines in Ukraine.

4. The Republic of Moldova's exchange rate regime is classified as "floating". The National Bank of Moldova (NBM) intervenes in the domestic foreign exchange interbank market in order to smooth out sharp exchange rate fluctuations of the the Moldovan Leu (MDL) against the US dollar. This exchange rate system has provided a credible anchor for price stability and the annual average inflation rate was 4.9% over 2009-14. However, headline inflation has been artificially contained due to unchanged utility tariffs during the last few years. In addition, several product/services are subject to regulated prices.

5. In the first half of 2015 the MDL depreciated significantly against major currencies partly as a result of transactions that led to the placing of three Moldovan banks under special administration. This depreciation is likely to contribute to inflationary pressures and have a positive effect on the trade balance.

6. The Republic of Moldova reduced its overall budget deficit, excluding grants, from 8.5% of GDP in 2009 to 5.4% in 2014 due to the steps taken to strengthen the fiscal policy framework as well as buoyant revenues on the back of strong GDP growth during most of the period 2009-14. Nonetheless, 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 seem necessary such as reforming the social security and health systems, and enhancing privatization.

7. Despite being affected by the global economic crisis and other external shocks, the Republic of Moldova reduced its current account deficit, as percentage of GDP, from 8.2% in 2009 to 5.7% in 2014, after peaking at 11% in 2011. Exchange rate flexibility and ongoing trade liberalization efforts which have had a positive impact on exports are some of the contributing factors for the improvement of its external sector. The economy of the Republic of Moldova is highly dependent on international trade (the ratio of exports and imports to GDP reaching 135% in 2013). Its trade is also very concentrated geographically. In 2014, exports to the EU and CIS represented 86% of total merchandise exports, while 81% of imports originated in such countries.

8. Trade policy formulation and evaluation are under the overall responsibility of the Ministry of Economy (ME) in cooperation with other ministries and trade-related agencies. The ME is also responsible for 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 trade policy on *ad hoc* basis, including organizing briefings on RTA negotiations.

9. The Republic of Moldova's efforts to integrate into the world economy are reflected in the dismantling of the restrictive trade regime inherited from the Soviet Union, and in its accession, participation in, or adherence to various multilateral, regional, and bilateral trade initiatives. The Republic of Moldova grants at least MFN treatment to all its trading partners.

10. The Republic of Moldova is strongly committed to the multilateral trading system. It has reduced the number of outstanding notifications to the WTO over the recent years, and undertook extensive commitments upon its WTO accession (binding 100% of its tariff lines and making extensive specific commitments under the GATS). The Republic of Moldova is neither a party to the Information Technology Agreement (ITA) nor to the plurilateral agreement on trade in civil aircraft. To date, it has been involved in two cases under the WTO dispute settlement mechanism.

11. The orientation of the Republic of Moldova's economic and trade policies is, however, like that of other central and eastern European countries, largely driven by the goal of accession to the EU. In this regard, the Republic of Moldova aims to have EU candidate status by 2017 and full EU membership by 2020. In June 2014, the Republic of Moldova and the EU signed their Association Agreement which has three main components: visa liberalisation (which went ahead in April 2014), increased political cooperation, and the Deep and Comprehensive Free Trade Area (DCFTA).

12. 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 will apply until 31 December 2015 to make it easier for business to adapt during the transition period between the ATP and the DCFTA. The Republic of Moldova has also received Generalised System of Preferences (GSP) treatment from Canada, Japan, Norway, Switzerland, Turkey, and the United States.

13. 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. In 2014, merchandise trade with RTAs partners accounted for 76% of Moldovan total imports and 86% of total exports. In September 2014, the Republic of Moldova also signed a free trade agreement with Turkey, which is not yet in force.

14. The foreign investment regime of the Republic of Moldova is fairly liberal, with most business activities open to domestic and foreign natural and legal persons alike. In addition, the Constitution provides several guarantees for foreign investors. Some 48 activities, however, may be carried out only based on a licence. These activities include: manufacture of alcoholic beverages except for wine, mining operations, banking and foreign exchange, insurance, and tourism. Foreign investors may lease agricultural land for up to 99 years. Despite measures taken recently to attract larger FDI inflows and improve its business climate, FDI in the Republic of Moldova has been inhibited by factors such as governance, policy instability and limited access to finance.

15. The Republic of Moldova has made its notification of Category A commitments under the Agreement on Trade Facilitation. In 2014, Moldovan Customs introduced the Authorized Economic Operator (AEO) programme to simplify customs procedures and facilitate legitimate trade. So far, the Republic of Moldova does not have mutual recognition arrangements on AEO programmes, but a pilot project on EU AEOs recognition was recently launched. Some fees for customs processing apply, while customs value is primarily assessed based on the transaction value.

16. Goods imported into the Republic of Moldova may be subject to customs tariffs, VAT, and excise duties. The tariff is relatively simple, although non-*ad valorem* lines (specific, compound, and other) represent 4.5% of the total. The simple average MFN tariff went from 4.9% in 2001

(when the Republic of Moldova joined the WTO), to 5.3% in 2009, and 6.3% in 2015. Excise duties are mostly non-*ad valorem*, while those on cigarettes, fuel and alcohol will be progressively raised to reach the EU minimum threshold by 2025. VAT is levied at three rates: 20% (the standard rate), 8% (e.g. on certain agricultural products), 0% for, *inter alia*, export of goods and services.

17. The Republic of Moldova bound all its tariff lines at a final simple average rate of 7.7%. On agricultural products (WTO definition), the Republic of Moldova bound its tariff lines at a final simple average rate of 14.4% (compared with a simple average applied MFN rate of 13.5%). For non-agricultural goods, the final simple average bound tariff rate is 5.9%, while the simple average applied MFN rate is 4.4%. For some 27 lines, MFN applied tariff rates exceed bound rates when using AVEs based on 2013 import data.

18. 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 appear to be duty free.

19. The Republic of Moldova's use of non-tariff barriers seems limited. It has licensing requirements to regulate several goods, such as alcoholic beverages, tobacco products, and fertilizers. The Republic of Moldova has neither imposed nor initiated any anti-dumping or countervailing measure, while one definitive safeguard measure applied on sugar imports during 2004-12.

20. During the last few years, the Republic of Moldova has been aligning its legislative framework with the EU *acquis communautaire*; harmonization is already ongoing in certain areas, notably TBT, SPS, competition, state-aid, government procurement, IPRs, energy, telecommunications, and civil aviation.

21. The Republic of Moldova is an observer to the WTO Government Procurement Agreement (GPA) and aims to join in 2015. To do so, the Republic of Moldova has been aligning its legislation with international best practices and a modern e-procurement system is in place since 2013. These reforms have resulted in an increase of open tendering procedures, particularly of e-procurement.

22. While the Republic of Moldova has established a functioning market economy, the State continues to provide aid on economic or social grounds. In addition to direct costs to the budget, there are indirect costs as a result of forgone revenues, associated with, for example, tax exemptions, state aid, regulated prices, and incentives.

23. During the last few years, the trade regime of the Republic of Moldova has also focused largely on export promotion, particularly through free economic zones and industrial parks. The government provides various incentives comprising, *inter alia*, duty and tax concessions, and state aid. In 2014, almost 80% of the goods and services produced in the FEZs were exported, i.e. 9% of Moldovan exports. Enterprises registered in the Republic of Moldova (local and foreign), different from those established in FEZs and/or industrial parks, also benefit from certain incentives such as reduction of the taxable income and other tax deductions.

24. A major privatization programme of state-owned enterprises (SOEs) has been implemented since 1993 as part of the transition into a market-oriented economy. New provisions concerning privatization were approved in 2007 by the Law on Public Property Management and its Privatization, and by the legal framework for Public-Private Partnerships (PPPs) implemented since 2008. Nonetheless, by the end of 2014, there were still 363 SOEs (down from 551 at the end of 2001), with the State keeping a majority holding in 71 of them.

25. Agriculture has traditionally been an important pillar of the Moldovan economy, on account of fertile land. The Republic of Moldova is a net exporter of agriculture and food products, which accounted for 46.2% of total export earnings in 2014. Nevertheless, the agriculture sector continues to face a number of challenges, including: land fragmentation; infrastructure deficiencies; limited coverage and poor condition of irrigation systems; a weak SPS framework; and a declining and ageing rural labour force.

26. Non-product specific domestic support in agriculture was below the *de minimis* threshold in 2009-10 and zero in 2011-13. Budgetary outlays on "Green Box" measures were in the range of

SDR21.3 million to SDR37.8 million; there were no export subsidies. Since 2010, disbursements to agricultural producers have been managed by a single public body, the Agency for Interventions and Payment in Agriculture.

27. In 2009, the Republic of Moldova created a State Cereals Reserve to guard against possible market shortages and to ensure the nation's food security. According to the authorities, stock replenishment is done at market prices and on competitive terms; the size of the reserve stocks (some 60,000 tonnes) is deemed too small to influence prices on the Moldovan market.

28. Although manufacturing output expanded between 2009 and 2014, the Republic of Moldova remained a net importer of manufactures on account of sustained dynamism in imports of machinery and transport equipment, and chemicals. The food and beverage industries dominate manufacturing activity, representing over 43% of the sector's output and 45.1% of all exports of industrial products in 2014. The manufacturing sector's challenges include: limited access to financing, nearly depreciated fixed assets, high energy costs, and low levels of innovation and adoption of new technologies. Domestic support to manufacturing mainly takes the form of incentives granted within industrial parks and free economic zones.

29. The Republic of Moldova imports most of its energy resources, with fossil fuels dominating the primary energy supply matrix. Notwithstanding some steps towards supply diversification, it remains strongly dependent on natural gas imports from the Russian Federation; other supply-side risks are linked to internal and regional socio-political tensions. Although improving, the Republic of Moldova's energy efficiency performance is still considered as among the worst in Europe.

30. The Republic of Moldova became a contracting party to the Energy Community Treaty in May 2010, committing to gradually bring its energy sector in line with EU rules and practices. The transposition of EU rules on unbundling for the natural gas market has been postponed until 1 January 2020. A number of legislative hurdles and technical constraints remain in the natural gas and electricity segments.

31. The Moldovan financial system is still underdeveloped, with a particularly shallow non-bank segment, which hampers the domestic economy's growth. Approximately half of total deposits and 40% of all loans remain foreign-currency denominated. A number of weaknesses in the legal and regulatory framework are yet to be addressed. 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.

32. Banks continue to dominate the financial system, accounting for 93.7% of total assets, 93.5% of all loans and 99.3% of all deposits in 2014. In order to protect the integrity of the banking system, the National Bank of Moldova has granted lines of credit, on favourable terms, to some banks; its most recent intervention was in the fourth quarter of 2014 when it also placed three banks under special administration and suspended their credit activities.

33. Companies incorporated and authorized to carry out investment activities related to securities in a EU jurisdiction may benefit from fast-track access to the Moldovan market via the status of "accepted persons", dispensing them from the requirement to obtain a licence. Access to the insurance market is restricted to Moldovan-incorporated and duly licensed joint-stock companies.

34. The Republic of Moldova's electronic communications market expanded steadily between 2009 and 2014; growth was most dynamic in broadband data transmission. Most electronic communications segments remained fairly concentrated during the review period, reflecting lags in the enforcement of legal provisions and the scope for introducing additional pro-competitive measures. The electronic communications regulator's enforcement powers could also be strengthened.

35. 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. The Republic of Moldova has yet to implement some of its specific commitments on postal services.

36. Due to inadequate funding, the Moldovan transport infrastructure has been in a general decline since the late 1980s, but efforts to reverse this trend have 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.

37. Road and railroad remain the main modes of transport in the Republic of Moldova. Nevertheless, air traffic has been increasing, fostered by the gradual integration, since 2012, into the European Common Aviation Area. In addition, the opening of a port with indirect maritime access on the Danube in 2009, has triggered a steady growth in cargo handling volumes. Two strategic infrastructure facilities, namely the Giurgiulesti International Free Port (GIFP) and the Marculesti International Free Airport (MIFA), have been granted special incentives, broadly similar to those applied to FEZs.

1 ECONOMIC ENVIRONMENT

1.1 Major Features

1.1. The Republic of Moldova is a small and relatively open economy in which agriculture plays a significant role; it accounted for 12.8% of GDP, 30.5% of employment, and 46.2% of total export earnings in 2014 (section 4.1.1). Services constitute the most important sector in terms of share of GDP (almost 60%), while manufacturing contributed 11.7% in 2014 (section 4.2). The Republic of Moldova has few natural resources and is almost entirely dependent upon imports from the Russian Federation for its primary energy requirements (section 4.3).

1.2. The Republic of Moldova is a landlocked country although in 2009 it gained indirect maritime access by opening the port of Giurgiulesti on the Danube, lodged between Ukraine and Romania. There are hopes it could be developed as a transit node in the Euro-Asian transportation network. Road and rail are the main modes of transport (section 4.4.3)

1.3. Despite a sharp decline in poverty in recent years, the Republic of Moldova is one of the poorest countries in Europe, with GDP per capita estimated at US$2,233 in 2014. About 55% of its 3.6 million people were poor (US$5 a day) in 2011, significantly lower than 94% in 2002. It ranks 114th (out of 187 countries) on the latest UNDP Human Development Index.[1]

1.4. Remittances from large-scale emigration are a major feature of the Republic of Moldova's economy.[2] In 2003-08, remittances (net) averaged about 29% of GDP and fell to some 21% in 2009 during the global financial crisis. Since then, remittances have improved reaching US$1,768 million in 2014 (up from US$1,124 million in 2009), i.e. 22% of GDP. The Russian Federation is the main source of the Republic of Moldova's 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.

1.5. The Republic of Moldova's exchange rate regime is classified as "floating". The National Bank of Moldova (NBM) intervenes in the domestic foreign exchange interbank market in order to smooth out sharp exchange rate fluctuations of the Moldovan Leu (MDL) against the US dollar.[3] According to the IMF, while the MDL could be slightly overvalued, it does not appear to affect external competitiveness as strong export performance has been sustained (section 1.3).[4]

1.6. There are no restrictions on foreign exchange operations related to capital inflows into the Republic of Moldova, except in cases involving acquisition of agriculture and forestry land by non-residents, and some importations of cash by licensed banks. Receipts by residents from non-residents of loans/credits and guarantees are subject to notification to the NBM for statistical purposes. Some foreign exchange operations of Moldovan residents (physical and legal persons) remain subject to NBM authorization (section 4.4.1.1).[5] The authorities have prepared amendments to the Law on the NBM to reinforce its role as a regulator and bank supervisor (section 4.1.1).

1.2 Recent Economic Developments

1.7. The Republic of Moldova's economy has had a remarkable recovery from the severe recession of 2009 which was mainly caused by the global economic crisis. Despite a small drought-related contraction in 2012, the real GDP growth rate averaged 5.4% during 2010-14, which was among the strongest in the region. This has largely been the result of sound macroeconomic policies taken

[1] UNDP online information. Viewed at: http://hdr.undp.org/en/countries/profiles/MDA.

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

[3] The Medium-Term Monetary Policy Strategy (approved by the Decision of the Council of Administration of the NBM No. 303 of 27 December 2012) Viewed at: http://www.bnm.md/en/financial_politics_bnm.

[4] IMF (2014a).

[5] Moldovan residents may perform a number of foreign exchange operations without restrictions (e.g. those related to direct investments, real estate transactions, and commercial loans/credits), while those subject to NBM authorization include: certain transactions with foreign financial instruments; the opening of accounts with financial institutions abroad; and, in certain cases, the provision of loans/credits or guarantees to non-residents.

in recent years, especially through fiscal consolidation, an accomodative monetary policy stance, exchange rate flexibility, and trade liberalization efforts.

1.8. As a result of the positive economic performance during the review period, the unemployment rate, after peaking at 7.4% in 2010, was reduced to 5.1% in 2013. However, growth has been volatile reflecting vulnerability to climatic and geopolitical conditions. In 2014, it is estimated that the economy grew 4.6% (down from 9.4% in 2013), with the unemployment rate increasing to 6% (Table 1.1), 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.

Table 1.1 Selected economic indicators, 2009-14[a]

	2009	2010	2011	2012	2013	2014[b]
Real sector indicators						
Nominal GDP (US$ million)	5,438	5,813	7,016	7,589	8,216	..
Nominal GDP (MDL billion)	60.4	71.9	82.3	87.8	99.9	..
Real GDP (% change)	-6.0	7.1	6.8	-0.7	9.4	4.6
Agricultural	-9.9	7.4	5.2	-20.1	40.6	0.0
Non-agricultural	-5.6	7.1	7.0	2.0	4.9	2.5
Consumer prices (average; % change)	0.0	7.4	7.6	4.6	4.6	5.1
Unemployment rate (%)	6.4	7.4	6.7	5.6	5.1	6.0
Money and banking (% change)						
Broad money (M3)	3.2	13.4	10.6	20.8	26.5	15.9
Credit to the economy	-4.92	12.7	15.0	16.1	18.8	11.3
Public finances (% of GDP)[c]						
Overall balance (excluding grants)	-8.5	-5.3	-4.5	-3.9	-3.8	-5.4
Overall balance (including grants)	-6.3	-2.5	-2.4	-2.2	-1.8	-2.6
National accounts (% change)						
Consumption	-6.9	7.3	7.3	0.9	5.2	2.8
Private	-8.0	9.6	9.3	1.0	6.5	1.9
Public	-2.0	-1.1	-1.0	0.6	-0.8	7.2
Gross capital formation	-30.9	17.2	13.0	1.8	3.3	3.8
Exports of goods and services	-12.1	13.7	27.4	2.3	10.7	..
Imports of goods and services	-23.6	14.3	19.7	2.5	5.5	..
External sector						
MDL/US$ (period average)	11.1	12.4	11.7	12.1	12.6	14.0
Real effective exchange rate (average, % change)	7.6	-7.0	5.1	5.6	-3.7	-0.8
Current account (% of GDP)	-8.2	-7.5	-11.0	-7.4	-5.0	-5.7
External debt (% of GDP)	79.6	81.0	76.4	82.6	83.8	81.8
Debt service (% of exports of goods and services)[d]	29.2	23.5	20.0	24.4	21.9	24.1
Public external debt service (% of exports of goods and services)	4.5	3.4	3.0	3.2	3.7	3.3
Gross official reserves (US$ million)	1,480	1,718	1,965	2,515	2,820	2,157
In months of imports (of goods and services)	4.5	4.6	3.9	5.0	5.3	4.1

.. Not available.

a Data exclude the region of Transnistria.
b Provisional.
c General government.
d Includes all scheduled payments (principal and interest) on all sectoral loans, including other capital from foreign parent companies.

Source: IMF Country Report No. 14/190, July 2014; and data provided by the Moldovan authorities.

1.9. The annual average inflation rate in the Republic of Moldova was 4.9% over 2009-14 which is within the NBM's target range of 5% +/- 1.5 percentage points.[6] According to the IMF, the NBM's current accommodative monetary policy is appropriate but needs to remain vigilant to counter emerging inflation risks and adjust its monetary policy accordingly. Headline inflation has been artificially contained (by about 0.5-1 percentage point) due to unchanged utility tariffs over

[6] Decision of the NBM No. 303, approved on 27 December 2012.

the last few years[7], while other product/services are subject to regulated prices (section 3.4.3). For 2015, the IMF expects an average inflation rate of 7.5%.[8]

1.10. The Republic of Moldova reduced its overall budget deficit, excluding grants, from 8.5% of GDP in 2009 to 5.4% in 2014 due to the steps taken to strengthen the fiscal policy framework as well as buoyant revenues on the back of strong GDP growth during most of the period under review. 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 seem necessary, such as broadening the tax base, fighting tax avoidance and evasion, reforming the social security and health systems, and enhancing privatization.[9]

1.11. 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 5.7% in 2014, after peaking at 11% in 2011. For 2015, the IMF expects a current account deficit of 4.5% of GDP.[10] Exchange rate flexibility and ongoing trade liberalization efforts which have had a positive impact on exports are some of the contributing factors for the improvement of the external sector. With a more sound current account position and appreciable capital flows, the NBM was able to build up reserves from US$1,480 million to US$2,157 million over 2009-14 (Table 1.1).

1.12. Traditionally, the Republic of Moldova has had a persistent merchandise trade deficit. It increased from US$1,949 million in 2009 to US$2,912 million in 2014 (Table 1.2), in line with movements of the real exchange rate during the period. Nonetheless, during the first half of 2015 the MDL depreciated significantly against major currencies partly as a result of transactions that led to the placing of three Moldovan banks under special adminstration (section 4.4.1.1). This depreciation is likely to have a positive effect on the Republic of Moldova's trade balance, while contributing to add to inflationary pressures.

Table 1.2 Balance of payments, 2009-14

(US$ million)

	2009	2010	2011	2012	2013	2014[a]
Current account	-516	-545	-852	-602	-452	-562
Merchandise trade	-1,949	-2,219	-2,869	-2,924	-2,982	-2,912
Exports	1,327	1,590	2,278	2,229	2,466	2,352
Wine and alcohol	159	178	181	215	231	190
Imports	-3,276	-3,810	-5,147	-5,152	-5,448	-5,264
Services (net)	-40	-23	31	9	16	-32
Exports	673	680	861	902	988	959
Imports	-713	-704	-830	-893	-972	-990
Income (net)	321	505	572	814	861	796
Current transfers (net)	1,151	1,193	1,415	1,499	1,654	1,586
Personal transfers (net)	627	589	686	757	836	776
Capital and financial account	121	371	750	693	570	-259
Capital account balance	-18	-28	-30	-37	-36	-62
Financial account balance	139	399	779	730	606	-197
Foreign direct investment	202	204	268	175	207	166
Portfolio investment and derivatives	-6	0	0	21	10	14
Other investment (net)	-57	194	512	533	389	-377
Errors and omissions	77	64	77	85	68	-68
Overall balance	-318	-111	-25	176	186	-889

a Preliminary.

Source: IMF Country Report No. 12/288, October 2012; IMF Country Report No. 14/190, July 2014; and data provided by the Moldovan authorities.

[7] 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 authorities have 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. IMF (2014a).

[8] IMF (2015).

[9] According to the IMF, reforming the social security system is needed to put its finances on a sustainable path, deal with demographic pressures, and reverse the decline in the replacement rate. IMF (2014a).

[10] IMF (2015).

1.3 Trade and Investment Performance

1.3.1 Trade in goods and services

1.13. The Moldovan economy is highly dependent on international trade: its ratio of merchandise trade (exports and imports) to GDP reached 135.3% in 2013, up from 110.2% in 2008. In 2013, the Republic of Moldova ranked 103rd among world merchandise exporters and 100th among importers (considering EU member States as one and excluding intra-EU trade).[11]

1.14. Merchandise exports increased from US$1,283 million to US$2,339.5 million during the period. Agriculture represented 46.2% of total merchandise exports in 2014 (against 47.5% in 2009). Wine of fresh grapes contributed with 4.8% of total merchandise exports in 2014 (10% in 2009). The remaining Moldovan exports are manufactures (51.4%), led by machinery and transport equipment and clothing, and mining (2.4%) (Table A1.1 and Chart 1.1).

1.15. Merchandise exports are also highly concentrated geographically. In 2014, 53.3% of total exports were shipped to the EU (compared with 52.3% in 2009), while countries of the Commonwealth of Independent States (CIS) received 32.5% (38.9% in 2009). In 2014, Romania became the largest single export market of the Republic of Moldova (18.6% of total merchandise exports), followed by the Russian Federation with 18.1% (22.3% in 2009). The shares of China, Japan and the United States are negligible (Table A1.3 and Chart 1.2).

1.16. Merchandise imports went up from US$3,278 million in 2009 to US$5,317 million in 2014. Manufactures, led by machinery and transport equipment and chemicals, represented 62.5% of total Moldovan merchandise imports in 2014 (61.1% in 2009). The share of mineral fuels in total merchandise imports averaged 22% during 2009-14 (Table A1.2). Agriculture products contributed 14.5% to total merchandise imports in 2014, down from 16.7% in 2009 (Chart 1.1).

1.17. The EU was the source of 48.3% of total merchandise imports in 2014 (43.4% in 2009), led by Romania whose participation increased from 9.5% in 2009 to 15.1% in 2014. The share of CIS countries went from 34.8% in 2009 to 27.3% in 2014, partly due to a decrease in the participation of Ukraine from 14% to 10.3% during the same period. The share of the Russian Federation went from 11.4% in 2009 to 13.5% in 2014. Imports from China and Turkey are also significant, while that of the United States is marginal (Table A1.4 and Chart 1.2).

1.18. In services trade, the Republic of Moldova ranked 100th as exporter and 109th as importer in the world (considering EU member States as one and excluding intra-EU trade) in 2013.[12] Balance of payments data indicate that it is a net importer of services although its deficit decreased from US$40 million in 2009 to US$32 million in 2014, while in 2011-13 it was a net services exporter (Table 1.2). Net outflows have occurred in the form of payments for foreign travel and trade-related transport.

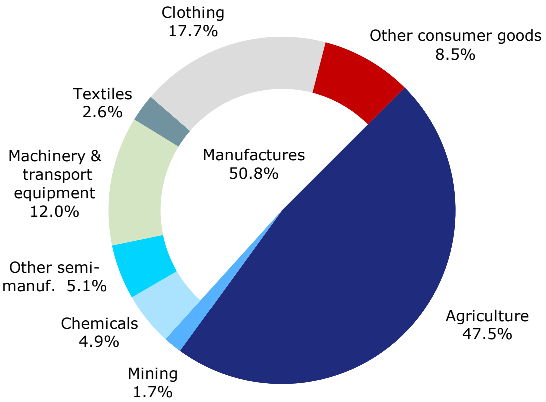
[11] WTO Statistics database, "Trade Profiles: The Republic of Moldova". Viewed at: http://stat.wto.org/CountryProfile/WSDBCountryPFHome.aspx?Language=E.

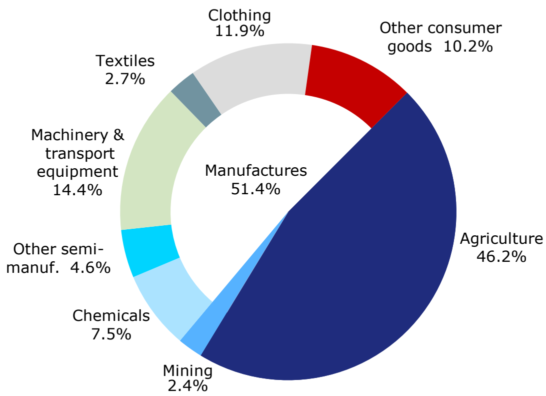
[12] WTO Statistics database, "Trade Profiles: The Republic of Moldova". Viewed at: http://stat.wto.org/CountryProfile/WSDBCountryPFHome.aspx?Language=E.

Chart 1.1 Product composition of merchandise trade, 2009 and 2014

2009 **2014**

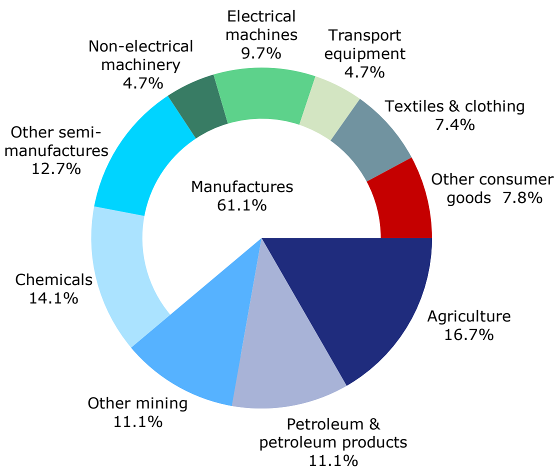
(a) Exports (f.o.b.)

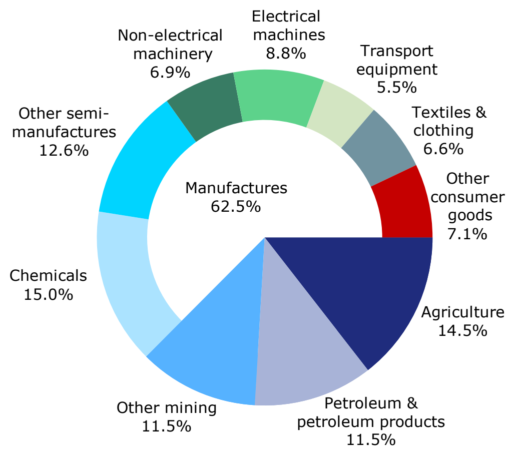




Total: US$1.3 billion **Total: US$2.3 billion**

(b) Imports (c.i.f.)





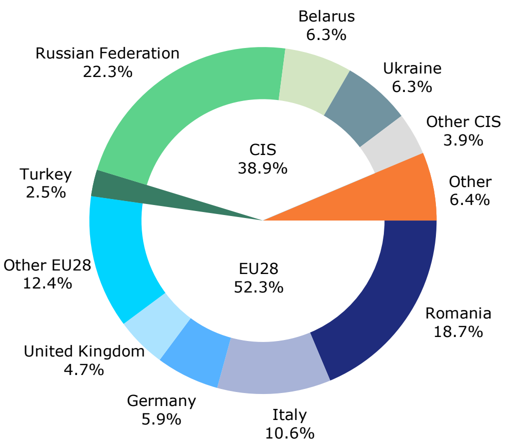
Total: US$3.3 billion **Total: US$5.3 billion**

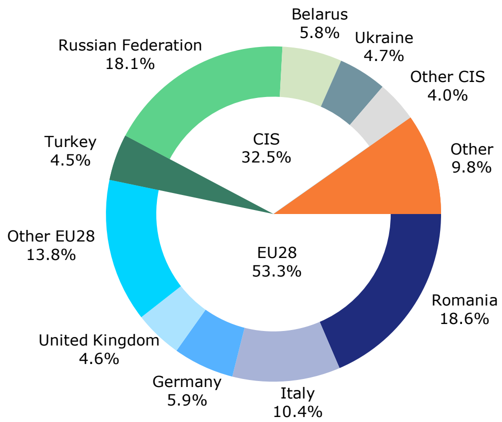
Source: UNSD, Comtrade database (SITC Rev.3), and information provided by the Moldovan authorities.

Chart 1.2 Direction of merchandise trade, 2009 and 2014

2009	2014

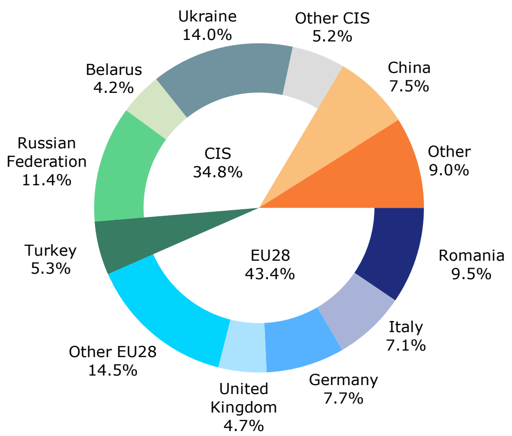
(a) Exports (f.o.b.)

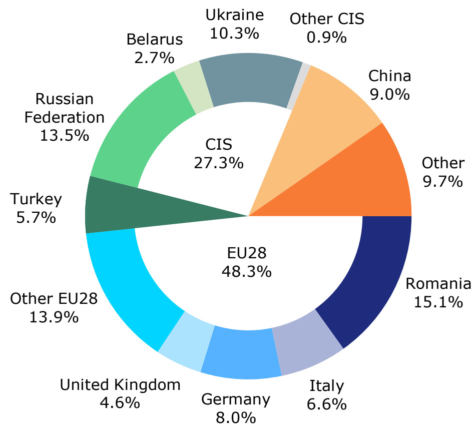




Total: US$1.3 billion **Total: US$2.3 billion**

(b) Imports (c.i.f.)





Total: US$3.3 billion **Total: US$5.3 billion**

Source: UNSD, Comtrade database, and information provided by the Moldovan authorities.

1.3.2 Foreign direct investment

1.19. The Republic of Moldova's potential for attracting foreign investors and fostering domestic investment remains largely untapped. Its FDI inflows averaged some US$224 million per year during 2009-14 (Table 1.3). According to external sources, FDI has been inhibited by several factors, notably corruption, policy instability and access to finance.[13] Some measures have recently been taken to attract larger FDI inflows and improve the business climate (sections 2.3 and 2.5) as shown in the World Bank's report on doing business where the ranking of the Republic of Moldova went from 103rd (out of 181 economies) in 2009 to 63rd (out of 189 economies) in 2015.[14]

Table 1.3 FDI, 2009-14

(US$ million)

	2009	2010	2011	2012	2013	2014
FDI inflows	208	208	288	195	236	207
FDI inward stock	2,773	2,964	3,261	3,467	3,615	3,647
FDI inward stock (% of GDP)	51.0	51.0	46.5	47.6	45.3	45.9
FDI outflows	7	4	21	20	29	41
FDI outward stock	64	68	88	108	137	178
FDI outward stock (% of GDP)	1.2	1.2	1.3	1.5	1.7	2.2

Source: UNCTAD (2015), *World Investment Report 2015*, Geneva.

1.20. In 2014, 25.9% of FDI stock was allocated to financial intermediation (25.9%), followed by the manufacturing sector (22.4%, wholesale and retail trade (14.2%); real estate (11%); transport, storage and communication (10.3%); electricity, gas and water supply (7.1%); healthcare and social assistance (1.4%); and agriculture, hunting and forestry (1.3%). Traditionally, FDI in the Republic of Moldova has been dominated by investment from the EU countries (53% of FDI stock in 2014), and the Russian Federation (9.2%). The United States, Switzerland, Turkey and Ukraine are also important investors in the Republic of Moldova.

1.4 Outlook

1.21. Under the National Development Strategy "Moldova 2020", the authorities aim to achieve annual average real GDP growth rates of 5-7% during 2015-20 and further reduce poverty by increasing productivity and competitiveness. To do so, they intend to replace the economic model used in the past largely based on consumption fuelled by remittances to a model supported on investment and development of goods- and services-exporting industries. The following key areas are to be given special attention: education, business environment, infrastructure, financial sector, energy consumption, pension system, and judicial framework (section 2.2).[15]

1.22. For 2015, the IMF expects a contraction in real GDP growth to 1%[16], mainly due to further slowdown in economic activity in its main trading partners. Indeed, some of the main risks to the country's outlook relate to the geopolitical uncertainty in the region: fluctuations in remittances from workers abroad (22% of GDP in 2014); exports to the EU and CIS represented 85.8% of total merchandise exports in 2014, while imports from these countries reached 81% of the total in 2014; and donor support, i.e. about 10% of government spending. Moreover, possible disruption of trade routes and gas supply can severely impact the economy since all land routes to CIS countries pass through Ukraine, and the Republic of Moldova is heavily reliant on Russian gas transported via pipelines in Ukraine (99.7% of total gas consumption) (section 4.3.3).[17]

1.23. Steady implementation of structural reforms (especially in the business environment, physical infrastructure, and human resources development areas), and prudent macroeconomic policies seem critical to boost potential growth and reduce poverty in the Republic of Moldova. According to the IMF, further strengthening of fiscal and external buffers in the form of high international reserves and low public debt, combined with additional donor support would also be crucial for mitigating the possible impact of further external shocks, particularly in light of the Republic of Moldova's strong links and synchronized business cycle with its key trading partners.[18]

[13] World Economic Forum online information. Viewed at: http://reports.weforum.org/global-competitiveness-report-2014-2015/economies/#economy=MDA.
[14] World Bank online information. Viewed at: http://www.doingbusiness.org/data/exploreeconomies/moldova.
[15] State Chancellery of the Government of the Republic of Moldova (2012).
[16] IMF (2015).
[17] IMF (2014a).
[18] IMF (2014a).

2 TRADE AND INVESTMENT REGIME

2.1 General Framework

2.1. The Republic of Moldova became independent on 27 August 1991 as part of the dissolution of the Soviet Union. On 28 July 1994, the Republic of Moldova adopted a new Constitution, with the powers of the State divided among the executive, legislative and judicial branches.

2.2. The Republic of Moldova is a parliamentary republic with the President as head of state and the prime minister as head of government. The President is elected by the Parliament for a four-year term, requiring the support of three-fifths of the deputies (at least 61 votes).[1] The prime minister assembles the cabinet, both subject to parliamentary approval. The Parliament, a unicameral assembly with 101 deputies, is directly elected for four-year terms by proportional representation.

2.3. The judicial branch encompasses the Supreme Court of Justice, Courts of Appeal and ordinary courts. The Supreme Court of Justice is the highest court and has the power to review decisions made by lower courts. The Constitutional Court is independent of legislative, executive and judiciary powers and obeys only to the Constitution guaranteeing the supremacy of the Constitution. The Constitutional Court, *inter alia*, exercises, upon appeal, the constitutionality review over laws and decisions of the Parliament, Presidential decrees, decisions and ordinances of the Government, as well as the international treaties to which the Republic of Moldova is a party.

2.4. The Constitution recognises the principle of local autonomy and states that all local issues be resolved and managed by local authorities, which operate independently pursuant to law. Each level of public administration has its own and delegated functions. The Republic of Moldova is divided into 37 first-tier units: 32 districts, 3 municipalities, one autonomous territorial unit (Gagauzia), and one territorial unit (Transnistria).

2.5. Under Law No. 344 of 23 December 1994 "On Special Judicial Statute of the Gagauz-Yeri", Gagauzia was granted special legal status. The autonomy of this region was established in economic matters mostly concerning the administration of its own budget and running economic activity.[2] Nonetheless, Gagauzia has no autonomous authority with respect to foreign trade which is exclusive responsibility of the central Government (section 2.2).

2.6. Transnistria, a region bordering Ukraine, has been *de facto* independent since 1992. A mediation process (involving the Republic of Moldova, Transnistria, the Russian Federation, Ukraine, the Organization for Security and Cooperation in Europe (OSCE), plus the European Union (EU) and the United States as observers) has been ongoing since 1992. Unless otherwise stated, Transnistria is excluded from this Review for lack of information on the application of Moldovan laws and regulations therein.

2.2 Trade Policy Formulation

2.7. Formulation and implementation of trade and investment policy lies with the Ministry of Economy (ME). It is responsible for: WTO issues (section 2.4.1), negotiating and implementing Regional Trade Agreements (RTAs) (section 2.4.2), and for promoting trade and investment (section 2.5). The ME oversees several institutions including the Licensing Chamber, the Investigation Body for contingency trade measures, and the National Institute of Standardization. The ME also cooperates with other ministries and trade-related agencies, notably the Customs Service under the Ministry of Finance. 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.

2.8. The WTO Agreements and current and future trade relations with the EU are the main factors influencing the Republic of Moldova's trade regime. The key foreign trade-related laws and regulations include the Law Approving the Combined Nomenclature of Goods and the Tax Code,

[1] The President of Moldova has been elected by the Parliament since 2001, a change designed to decrease executive authority in favour of the legislature.
[2] See WTO document WT/ACC/MOL/37, 11 January 2001.

while the Law on Investments in Entrepreneurial Activity regulates foreign investment (Table A2.1). A new Customs Code is being drafted (section 3.1.1).

2.9. The hierarchy of legal instruments in the Republic of Moldova is: its Constitution, organic and ordinary laws approved by the Parliament, as well as other normative acts issued by the Government and other public authorities. Legal instruments are published in the *Official Gazette* ("Monitorul Oficial"). In the event of discrepancies between national and international legislation, the latter prevails.

2.3 Policy Objectives

2.10. The main factor shaping the Republic of Moldova's foreign trade policy is its goal to accede to the EU. It aims to have EU candidate status by 2017 and full EU membership by 2020. This will require the Republic of Moldova to align its legislative framework with the *acquis communautaire*; harmonization is already ongoing in certain areas, such as energy and civil aviation. In June 2014, the Republic of Moldova and the EU signed their Association Agreement which has three main components: visa liberalisation (which went ahead in April 2014), increased political cooperation, and the Deep and Comprehensive Free Trade Area (DCFTA) (section 2.4.2).

2.11. Under the National Development Strategy "Moldova 2020", published in November 2012, the following seven long-term strategic objectives were identified[3]:

- "aligning the education system to labour market needs in order to enhance labour productivity and increase employment in the economy;
- increasing public investment in the national and local road infrastructure, in order to reduce transportation costs and increase the speed of access;
- reducing financing costs by increasing competition in the financial sector and developing risk management tools;
- improving the business climate, promoting competition policies, streamlining the regulatory framework and applying information technologies in public services for businesses and citizens;
- reducing energy consumption by increasing energy efficiency and using renewable energy sources;
- ensuring financial sustainability of the pension system in order to secure an appropriate rate of wage replacement; and
- increasing the quality and efficiency of justice and fighting corruption in order to ensure an equitable access to public goods for all citizens".

2.4 Trade Agreements and Arrangements

2.4.1 WTO

2.12. The Republic of Moldova applied for accession to the GATT in November 1993. Following the conclusion of the Uruguay Round, it applied to accede to the WTO on 31 January 1995. The Republic of Moldova became the 142nd Member of the WTO on 26 July 2001, 30 days after it had been confirmed that the Protocol of Accession had been ratified by the Moldovan Parliament. Its accession to the WTO including its Protocol and the provisions of the WTO supersede any domestic laws and regulations found to contradict them. Despite acceding to the WTO in 2001, this is the first Trade Policy Review of the Republic of Moldova.

2.13. The Republic of Moldova grants at least MFN treatment to all its trading partners. It is neither a party to the Information Technology Agreement (ITA) nor to the plurilateral agreements on government procurement (although it is in the process of joining the GPA, section 3.1.10) and

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[3] State Chancellery of the Government of the Republic of Moldova (2012).

trade in civil aircraft. The Republic of Moldova fully supports the multilateral trading system and the ongoing Doha Round, notably the Agreement on Trade Facilitation.[4]

2.14. The Republic of Moldova has been involved in two trade disputes, both involving Ukraine: one as complainant[5], and one as respondent.[6] According to the authorities, both cases are to be solved through bilateral dialogue.

2.15. The Republic of Moldova has made regular notifications to the WTO (Table 2.1), in particular over the recent years. At the end of 2014, it had 27 outstanding notifications (down from 43 in 2009).[7] It has also regularly submitted tariff data to the WTO Integrated Data Base (IDB).

Table 2.1 Selected notifications, 2002-2015

Agreement	Requirement/contents	Most recent notifications
Agriculture Articles 10 and 18.2	Export subsidies (outlays and quantities)	G/AG/N/MOL/1, 11.11.2002
Article 12.1(b)	Export prohibitions or restrictions	G/AG/N/MOL/3, 11.03.2011
Article 18.2 - DS:1	Domestic support	G/AG/N/MOL/4/Rev.1, 14.01.2015 G/AG/N/MDA/3, 15.01.2015
Article 18.2 – MA:1	Administration of tariff quotas	G/AG/N/MDA/1, 09.09.2014
Article 18.2 – MA:2	Imports under tariff quotas	G/AG/N/MDA/2, 09.09.2014
Article VI of the GATT 1994 (Anti-Dumping) Article 16.4	Anti-dumping actions taken and competent authorities	G/ADP/N/259, 23.06.2014 G/ADP/N/1/MDA/1, 12.02.2002
Import Licencing Procedures Article 7.3	Questionnaire; rules and information concerning import licensing procedures	G/LIC/N/3/MDA/3, 03.03.2015 G/LIC/N/3/MDA/2, 23.09.2013 G/LIC/N/3/MDA/1, 08.02.2002
Articles 5.1-5.4	*Ad hoc*	G/LIC/N/2/MDA/1, 16.10.2008
Articles 1.4(a) and 8.2(b)	Changes to laws and regulations and related information on procedures	G/LIC/N/1/MDA/2, 23.09.2013 G/LIC/N/1/MDA/1, 22.01.2002
Market Access	Quantitative restrictions	G/MA/182, 09.01.2006
Rules of Origin Paragraph 4 of Annex II	Preferential rules of origin	G/RO/N/121, 14.10.2014 G/RO/N/110, 14.02.2014 G/RO/N/106, 19.09.2013
Article 5.1	Non-preferential rules of origin	G/RO/N/36, 12.03.2002
Sanitary and Phytosanitary Measures Article 7, Annex B	Changes in sanitary and phytosanitary measures and information on measures applied, including emergency measures	G/SPS/N/MDA/3, 01.08.2014 G/SPS/N/MDA/2, 31.07.2006 G/SPS/N/MDA/1, 31.07.2006
State Trading GATT 1994 Art. XVII: 4(a) and Par. 1 of the Understanding on the Interpretation of Art. XVII	Activities of state-trading enterprises.	G/STR/N/15/MDA, 04.03.2015 G/STR/N/14/MDA, 20.09.2013 G/STR/N/13/MDA and G/STR/N/12/MDA, 12.05.2011 G/STR/N/11/MDA, 12.05.2006 G/STR/N/9/MDA/Corr.1 and G/STR/N/10/MDA/Corr.1, 07.12.2004 G/STR/N/8/MDA, 06.10.2003 G/STR/N/7/MDA, 12.02.2002
Subsidies and Countervailing Measures Article 25.1- -GATT 1994 Article XVI:1	New and full notification	G/SCM/N/220/MDA and G/SCM/N/253/MDA, 04.11.2013 G/SCM/N/1/MDA/1, 12.02.2002
Article 25.11	Semi-annual report	G/SCM/N/274, 23.06.2014
Safeguards Article 12.6	Safeguard legislation	G/SG/N/1/MDA/1, 12.02.2002
Article 12.1 (a)	Initiation of an investigation	G/SG/N/8/MDA/2/Corr.1, G/SG/N/10/MDA/2/Corr.1 and G/SG/N/11/MDA/3/Corr.1, 14.02.2008 G/SG/N/6/MDA/3, 27.08.2007
Article 12.1 (b) (c)	Finding, decision	G/SG/N/10/MDA/2/Suppl.1, 19.02.2008 G/SG/N/8/MDA/2, G/SG/N/10/MDA/2 and G/SG/N/11/MDA/3, 21.12.2007

[4] 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.
[5] Ukraine — Taxes on Distilled spirits. See WTO document series DS423.
[6] The Republic of Moldova — Measures Affecting the Importation and Internal Sale of Goods (Environmental Charge), with Ukraine as complainant. See WTO document series DS421.
[7] WTO documents G/L/223/Rev.17, 15 March 2010; and G/L/223/Rev.22, 16 March 2015.

Agreement	Requirement/contents	Most recent notifications
Article 12.5	Mid-term review	G/SG/N/13/MDA/1/Rev.1, 15.03.2007
Technical Barriers to Trade Annex 3 (c)	Code of Good Practice	G/TBT/CS/N/182, 23.08.2013
Article 15.2	Administrative arrangements; laws/regulation	G/TBT/2/Add.68/Suppl.1, 10.10.2006
Article 10.6	*Ad hoc*	G/TBT/N/MDA/21, 28.05.2014 G/TBT/N/MDA/23, 08.09.2014 G/TBT/N/MDA/24, 08.09.2014
Trade in Services Article III:3, paragraph 3	Changes in laws, regulations and administrative guidelines	S/ENQ/78/Rev.13, 04.12.2012 S/C/N/743/Add.1, 19.09.2014
TRIMs Article 6.2	Publications	G/TRIMS/N/2/Rev.9/Add.7, 23.09.2002
TRIPS Article 63.2	Laws and regulations	IP/N/1/MDA/2, 30.10.2013 IP/N/6/MDA/1, 28.01.2002
Article 69		IP/N/3/Rev.6, 01.03.2002
Trade Facilitation	Category A commitments	WT/PCTF/N/MDA/1, 19.09.2014

Source: WTO Secretariat.

2.4.2 Regional Trade Agreements

2.16. The Republic of Moldova has 14 regional trade agreements (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 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 (Table A2.2). On 11 September 2014, the Republic of Moldova also signed a free trade agreement with Turkey, which is not yet in force.

2.17. In 2014, merchandise trade with RTA partners accounted for 76.2% of the Republic of Moldova's total imports and 85.9% of total exports. According to the authorities, the Republic of Moldova provides duty free treatment in all of its RTAs in force with the exception of the DCFTA (section 3.1.4.3).

Relations with the EU

2.18. The Republic of Moldova and the EU signed a Partnership and Cooperation Agreement on 28 November 1994; it came into force in 1998. On 27 June 2014, the Republic of Moldova and the EU signed their Association Agreement and Deep and Comprehensive Free Trade Area (DCFTA) and have applied it provisionally since 1 September 2014. It currently coexists with the EU's Regulation on Autonomous Trade Preferences (section 2.4.3).[8] The DCFTA will come fully into force once it is ratified by all national Parliaments of EU member states. The Republic of Moldova is following a National Action Plan for the Implementation of its Association Agreement with the EU.[9]

2.19. 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 10 years. It also contains provisions on the facilitation of customs procedures, on anti-fraud measures and trade defence instruments. A bilateral dispute settlement procedure is envisaged to solve issues in an expeditious manner.

2.20. 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 *acquis* 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,

[8] EU online information. Viewed at: http://ec.europa.eu/trade/policy/countries-and-regions/countries/moldova/.

[9] Approved by Government Decision No. 808 of 7 October 2014. See MFA online information: http://www.mfa.gov.md/association-agreement-ro/.

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.[10]

2.21. 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 Republic of Moldova. An independent study predicts that the DCFTA, once fully into force, will increase Moldovan exports to and imports from the EU by 16% and 8%, respectively. The Republic of Moldova's GDP could increase by 5.4% or €142 million in the long-term.[11]

2.4.3 Other arrangements

2.22. 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.[12]

2.23. 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 are a small number of goods considered as sensitive for the EU and 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.[13]

2.5 Investment regime

2.24. The legal framework regulating foreign investment is contained in the Law on Investments in Entrepreneurial Activity.[14] It refers, *inter alia*, to legal, social and economic principles of organization and development of investment activity in the Republic of Moldova, defines rights and responsibilities of investors, responsibilities of public authorities in investment activity, guarantees provided by the state for local and foreign investors, and methods of resolution of investment disputes. In addition, the Constitution ensures non-discriminatory treatment and guarantees the inviolability of both foreign and domestic investments of natural and juridical persons.[15]

2.25. 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 (section 1.3.2). 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.[16]

2.26. 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, without a prior written approval received from the National Bank of Moldova: (i) nobody may acquire a qualifying holding in a bank's share capital or increase his/her qualifying holding; (ii) nobody is allowed to acquire a holding in a bank's share capital if for that holding the voting rights have been suspended; and (iii) nobody may contribute with his/her bank's shares to

[10] See WTO document WT/REG352/1, 13 April 2015.
[11] EU online information. Viewed at: http://trade.ec.europa.eu/doclib/press/index.cfm?id=994.
[12] WTO PTA Database. Viewed at: http://ptadb.wto.org/; and UNCTAD (2011).
[13] EU online information. Viewed at: http://ec.europa.eu/trade/policy/countries-and-regions/countries/moldova/.
[14] Law No. 81-XV of 18 March 2004.
[15] 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.
[16] 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.

the capital of other companies. These requirements are of prudential character aimed at providing protection of investors, depositors and at ensuring the integrity and stability of the local financial system, and they refer both to local and foreign investors (section 4.4.1.1).

2.27. Foreign investors may lease agricultural land for up to 99 years (section 4.1.1). Foreigners may become owners of such land 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.[17]

2.28. Enterprises registered in the Republic of Moldova (local and foreign), including those established in Free Economic Zones and/or industrial parks, benefit from various incentives in accordance with the Tax Code and other fiscal legislation (sections 3.3.5 and 3.4.1).

2.29. 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.[18]

2.30. 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.

2.31. The Republic of Moldova has 39 bilateral investment treaties (BITs)[19] and 36 double taxation agreements (DTAs) in force.[20] 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).

2.5.1 Starting a business

2.32. Under the National Development Strategy "Moldova 2020", the authorities aim to further improve the process by which businesses are established (sections 1.3.2 and 2.3). Establishing a business entity in the Republic of Moldova involves registration with the State Register of Legal Entities held by the State Registration Chamber (SRC) of the Ministry of Justice.[21] The following forms of business legal entities may be incorporated in the Republic of Moldova: limited liability company (LLC); joint-stock company (JSC); general partnership; limited partnership; and cooperative. The State Registration Chamber registers LLC/JSC within five business days (standard procedure) or four hours - one day (fast procedure) of submitting all the required documents.[22] The JSC shares need to be subsequently registered with the National Commission for Financial

[17] Price Waterhouse Coopers (2014).

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

[19] 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) which is not in force. UNCTAD online information. Viewed at: http://unctad.org/Sections/dite_pcbb/docs/bits_moldova.pdf.

[20] 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; FYR of Macedonia ; Netherlands; Oman; Poland; Portugal; Romania; Russian Federation; Serbia; Slovakia; Slovenia; Spain; Switzerland; Tajikistan; Turkey; Ukraine; United Kingdom; and Uzbekistan. UNCTAD online information. Viewed at: http://unctad.org/Sections/dite_pcbb/docs/dtt_Moldova.pdf.

[21] The SRC transfers information on newly-incorporated entities to statistical and tax authorities, as well as to social and medical insurance authorities on the basis of the "one-stop-shop" principle introduced in 2010.

[22] The fees to be paid to the State Registration Chamber for the incorporation of an LLC vary between €22-79 depending on the procedure applied (standard or fast), while those for the incorporation of a JSC vary between €31-117. These terms and fees do not include the time / costs necessary for the authentication and translation of notarized documents, nor the time necessary for the transfer of share capital.

Market (NCFM); registration takes 15 business days from the submission of the required documentation.[23]

2.33. Under Article 8 of the Law on Regulation by Licensing of Entrepreneurial Activity, certain types of economic activities are subject to licences (Box 2.1), issued by the relevant public authority.[24] In some cases, the specific form of business organisation is regarded as a special requirement for obtaining a licence (e.g. only JSC may obtain licences for banking and insurance activities). Foreign legal entities and individuals may incorporate companies in the Republic of Moldova (both LLC and JSC), either as sole shareholders owning 100% of the statutory capital or in partnership with a local company or individual. Both LLC and JSC are legal entities liable for their obligations with all the assets they own.[25] The minimum capital requirement for a JSC cannot be less than MDL 20,000. The share capital of a limited liability company is established by its shareholders in its articles of association and may be deposited within a period of six months.

2.34. Under Moldovan legislation, there is no concept of a registered commercial branch of a foreign entity. A representative office established in the Republic of Moldova by a non-resident company is not a legal entity and may not carry out entrepreneurial activity.

Box 2.1 Activities subject to licensing

1 Audit activity;
2 Real estate assessment activity;
3 Commodity exchanges activity;
4 Activities with precious metals and precious stones; pawnshop activity;
5 The field of gambling activity: organizing and conducting lotteries (except the activities that are state monopoly exercised under the Law No. 285-XIV of 18 February 1999 on gambling), running casinos, operating cash slot machines, establishing sports betting;
6 Import and storage of alcohol; importation, storage and wholesale of alcoholic beverages and / or beer;
7 Manufacture of ethyl alcohol, beer, alcoholic beverages, except for wine and wine-based beverages, and / or storing and wholesale of ethyl alcohol, beer, alcoholic beverages, except for wine and wine-based drinks produced by local manufacturers;
8 Importation of tobacco articles; import and / or industrial processing of tobacco; production of tobacco articles and / or wholesale distribution of tobacco articles and fermented tobacco;
9 Veterinary pharmaceutical activity and / or veterinary care (except activity carried out by the state veterinary service);
10 Import and / or storage, sale of phytosanitary products and / or fertilizers;
11 Public passenger road transport;
12 Design activity for all types of construction, planning, installations and public utility networks, reconstruction and restoration;
13 Construction of buildings and / or engineering structures, engineering and technical installations and networks, reconstruction, reinforcement, restoration;
14 Mining operations and / or bottling mineral and natural drinking water;
15 Topographic and geodesic and / or cartographic activities;
16 Collection, storage, processing, marketing and export of waste and scrap of ferrous and nonferrous metals, used accumulator batteries, including processed;
17 Import and / or manufacture, storage, wholesale of toxic chemical substances and materials, of articles and of household chemicals;
18 Production and destruction of seals;

[23] The fee for the registration of JSC shares is 0.4% of the amount of stock issue.

[24] The list of activities subject to licensing is expressly provided by the Law. A licence may be obtained through the online platform of the Moldovan Licensing Chamber (www.servicii.gov.md).

[25] The shareholders are not liable for the company's obligations. Accordingly, the company is not liable for the obligations of its shareholders. The JSC shares are regarded as securities and may be traded on regulated capital markets.

19	Private detective or security activity;
20	Installation and / or adjustment, maintenance of the systems of automatic fire signaling, fighting and protection of buildings against smoke and fire notification;
21	Manufacture, import and / or export, re-export, trafficking of weapons and ammunition for civil use and repair of weapons for civil use;
22	Import, export, sale, storage of explosive materials and / or execution of works with explosives for civil uses;
23	Manufacture, import, export, re-export, storage, sale of fireworks and / or the provision of services "Pyrotechnic performances and fireworks" with entertainment pyrotechnic products for professional use;
24	Import, export, design, production and sale of cryptographic and technical devices for information protection, of special technical devices for obtaining secret information; services in the field of cryptographic and technical protection of information (except activities of public authorities vested with this right by law);
25	Pharmaceutical activity;
26	Import, manufacture, sale, maintenance and / or repair of medical devices and / or optics;
27	Medical assistance by the private medical institutions
28	Activities related to employment of citizens in the country and / or abroad; activities to engage / enroll students in the program of cultural and educational exchange, providing for temporary paid work during the summer vacation;
29	Tourism activity;
30	Grain warehousing activities with the issuance of warehouse certificates for grain;
31	Activity of the duty free shops, including servicing of the diplomatic corps;
32	Customs broker;
33	Training activities in the field of road transport;
34	Banking activities;
35	Activity of foreign entities (other than banks);
36	Activity of providing payment services by payment companies, electronic money companies, postal service providers;
37	Activity of issuing electronic money by electronic money companies;
38	Activity of insurers (reinsurers), insurance and / or reinsurance brokers;
39	Assets management activity of private pension funds;
40	Activity of savings and loan associations;
41	Professional activities in the securities market;
42	Activity of credit history bureaus;
43	Import and wholesale and / or retail of petrol, diesel and / or liquefied gas at filling stations;
44	Production of electric energy; transmission of electrical energy and / or central dispatch; distribution of electrical energy; supply of electricity at regulated or non-regulated tariffs;
45	Production and / or storage of natural gas; production of renewable fuels; transmission of natural gas; distribution and / or supply of natural gas at regulated and non-regulated tariffs;
46	Use of radio frequencies or radio channels and / or numbering resources for the provision of networks and / or electronic communications services;
47	Services for the creation, implementation and operation of automated information systems of national importance, including software;
48	Activity for broadcasting programs through terrestrial radio telecommunications and / or by any other means than the terrestrial radio telecommunications.

Source: Information provided by the Moldovan authorities.

3 TRADE POLICIES AND PRACTICES BY MEASURE

3.1 Measures Directly Affecting Imports

3.1.1 Customs procedures and requirements

3.1. The main legal instruments of the customs regime include the Customs Code (Law No. 1149-XIV of 20 July 2000, as amended), and the Law on Customs Tariff (No. 1380-XII of 20 November 1997, as amended). The Law Approving the Combined Nomenclature of Goods (No. 172 of 25 July 2014) merges all regulations in a single instrument. According to the authorities, a new Customs Code is being drafted, in line with EU/Kyoto convention. Since 2010, the Customs Service is under the Ministry of Finance.

3.2. Customs declaration is to be lodged by the importer on the Single Administrative Document (SAD) form, and is required to be filed within 72 hours following importation into the Republic of Moldova's customs territory.[1] In addition to the SAD, introduced in 2005, Customs require invoice and transport documents, and for some goods other documents are required such as certificates of origin (section 3.1.3), and import licence/authorization (section 3.1.5).[2] Goods are released as soon as the customs declaration has been verified or accepted without verification.[3] On 1 March 2015, the electronic import declaration was launched.

3.3. Goods brought into, or exported from the customs territory of the Republic of Moldova can be placed under various customs regimes: release of goods for free circulation; transit; customs warehousing; inward processing; processing under customs control; temporary admission; outward processing; exportation; free zone or free warehouse; and re-export from the customs territory. Customs has the authority to stop any goods from entering the Republic of Moldova if they do not comply with the country's SPS and TBT regulations, or if they infringe IPRs (section 3.3.4).

3.4. Since 2006, the Republic of Moldova uses UNCTAD's Automated System for Customs Data (ASYCUDA World), a risk based inspection system to clear customs. Risk assessment is based on four channels: the red channel for high risk goods which need to be examined (17% of imports in 2014); the yellow channel for medium risk goods, which require additional documentation, and on which a decision is made whether to release or examine the goods (30% of imports in 2014); the green channel, for goods deemed risk-free and released immediately without any checks (53% of imports in 2014); and the blue channel post-clearance control, in place as from early 2015. There are advance rulings mechanisms for classification (357 cases done up to March 2015), and origin (no requests so far). Pre-arrival processing is planned to be implemented in 2015 (it will need the development of additional modules in ASYCUDA World).

3.5. In 2014, Moldovan Customs introduced the Authorized Economic Operator (AEO) programme to simplify customs procedures and facilitate legitimate trade.[4] Importers, exporters, manufacturers, warehouse operators, customs brokers, and logistics operators are eligible to become AEOs. Some 71 AEOs exist already. So far, the Republic of Moldova does not have mutual recognition arrangements on AEO programmes. On 1 July 2015, a pilot project on EU AEOs recognition was launched.[5] AEOs and traders with TIR-EPD carnets benefit from a separate fast

[1] Viewed at: http://www.cehia.mfa.md/img/docs//10_Customs.pdf.

[2] Customs Code No. 1149-XIV, 20 July 2000.

[3] When goods are brought in to the Customs territory of the Republic of Moldova, including from the Free Zones and free Customs warehouses, the shipping agent must inform the Customs authorities of the crossing, at which point Customs authorities notify the time and place where the goods and the required documentation should be delivered for customs clearance.

[4] In 2005, the World Customs Organization adopted the SAFE Framework of Standards which includes the AEO programme. AEOs must prove to have high quality internal processes that will prevent goods in international transport being tampered with. This facilitates trade for low-risk operators and ensures Customs can focus inspection resources on more high-risk parties. There are no territorial restrictions on where to declare the goods. There is legislation regulating customs brokers; their use is optional.

[5] This pilot project is at the cross-border point Leuseni-Albita between the Republic of Moldova and Romania.

lane at border crossings.[6] Electronic payment of duties is currently under development in line with the "Strategy on E-government".

3.6. 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).[7]

3.7. Fees for customs processing are charged as follows: for goods up to the equivalent of €100 there are no fees; for goods valued between €101 and €1000 the fee is €4; and for goods above €1000 the fee is 0.4% of the customs value.

3.8. The Republic of Moldova has made its notification of Category A commitments under the Trade Facilitation Agreement.[8]

3.1.2 Customs valuation

3.9. Customs value is primarily assessed based on the transaction value which must also reflect costs incurred by the buyer when appropriate (e.g. packing fees, transport charges). If the transaction value method cannot be used, five methods apply in sequential order: (i) transaction value of identical goods; (ii) transaction value of similar goods; (iii) deductive value; (iv) computed value; and (v) residual valuation (flexible and reasonable method). The legislation also stipulates the list of documents that customs can request for the purposes of establishing customs value. Any request for additional documents must be justified by customs. According to the authorities, some 93% of declarations are valued using the transaction value.

3.10. Appeals against customs decisions can be submitted to the headquarters of the customs authority or directly to court. There is no obligation to first exhaust the administrative way. The bulk of appeals relate to customs valuation. The court is the same for decisions of public authorities (administrative court); there is no special commercial court.

3.11. The Republic of Moldova does not have laws or regulations relating to pre-shipment inspection.

3.1.3 Rules of origin

3.12. The Republic of Moldova has notified the WTO that it has non-preferential rules of origin under its Customs Code and Law on Customs Tariff.[9]

3.13. The Republic of Moldova also has preferential rules of origin under its 14 RTAs in force (section 2.4.2).[10] To benefit from preferential duties, certificates of origin need to be provided, issued by authorized institutions in the exporting country, so as to prove that the product being imported is basically "wholly obtained" or "substantially transformed" in the exporting country. For goods "not wholly obtained", specific criteria centred on change of tariff classification rules, processing rules, and value-added rules are applied on a product-by-product basis. According to the authorities, there are no additional documents required by Customs for conferring origin.

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[6] TIR stands for *Transports Internationaux Routiers* and EPD for Electronic Pre-Declaration. TIR-EPD is an application which enables holders to submit free-of-charge electronic pre-declarations to customs authorities in different countries. With TIR-EPD, customs authorities are able to confirm that the pre-declaration was submitted by an authorized TIR carnet holder and that the TIR carnet is valid. This exchange of advance information facilitates pre-arrival risk analysis and makes border crossings simpler, safer and faster.

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

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

[9] WTO document G/RO/N/36, 12 March 2002.

[10] See WTO documents G/RO/N/39, 22 April 2003; G/RO/N/41, 21 August 2003; G/RO/N/47, 6 July 2005; G/RO/N/53, 18 September 2007; G/RO/N/58, 13 August 2008; G/RO/N/106, 19 September 2013; G/RO/N/110, 14 February 2014; and G/RO/N/121, 14 October 2014.

3.1.4 Tariffs

3.1.4.1 MFN applied tariff

3.14. Imports are subject to customs tariffs, VAT, and excise duties. According to information provided by the authorities, customs duties accounted for 67.8% of total income tax on average per year during 2009-14, followed by VAT (20.5%), and excise duties (2.9%).

3.15. Mainly due to changes in tariff nomenclature, the tariff has 9,448 lines, up from 5,990 when the Republic of Moldova acceded to the WTO in 2001 but down from 9,842 in 2009.[11] 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) (Table 3.1). *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 subject to "other duties".[12]

Table 3.1 Tariff structure, 2001, 2009 and 2015

(%, unless otherwise indicated)

	MFN applied rate			Final bound[a]
	2001	2009	2015	
Bound tariff lines (% of all tariff lines)	100.0	100.0	100.0	100.0
Simple average rate	4.9	5.3	6.3	7.7
WTO agricultural products	12.6	12.1	13.5	14.4
WTO non-agricultural products	3.8	3.6	4.4	5.9
Duty free tariff lines (% of all tariff lines)	46.1	45,0	35.4	23.4
Simple average rate of dutiable lines only	9.2	9.8	9.9	10.1
Tariff quotas (% of all tariff lines)	0.0	0.3	0.3	0.3
Non-*ad valorem* tariffs (% of all tariff lines)	0.3	4.4	4.5	4.2
Domestic tariff "peaks" (% of all tariff lines)[b]	15.4	3.0	4.7	0.7
International tariff "peaks" (% of all tariff lines)[c]	0.3	3.0	4.8	5.5
Overall standard deviation of tariff rates	11.8	7.2	7.1	6.8
Nuisance applied rates (% of all tariff lines)	0.0	0.1	0.1	0.1
Total number of tariff lines	5,990	9,842	9,448	9,448
Ad valorem rates	3,186	4,984	5,674	6,841
Duty free	2,760	4,427	3,348	2,213
Specific rates	19	224	209	211
Compound rates	0	165	183	183
Other duty rates	0	36	34	0
Empty lines[d]	25	6	0	0

a Final bound rates are based on the 2015 tariff schedule in HS12 nomenclature.
b Domestic tariff peaks are defined as those exceeding three times the overall average applied rate.
c International tariff peaks are defined as those exceeding 15%.
d No tariff rate provided.

Source: WTO Secretariat calculations, based on data provided by the Moldovan authorities.

3.16. The Republic of Moldova's simple average MFN applied tariff increased from 4.9% in 2001 (when it joined the WTO) to 5.3% in 2009 and 6.3% in 2015.[13] Using the WTO definition[14], MFN

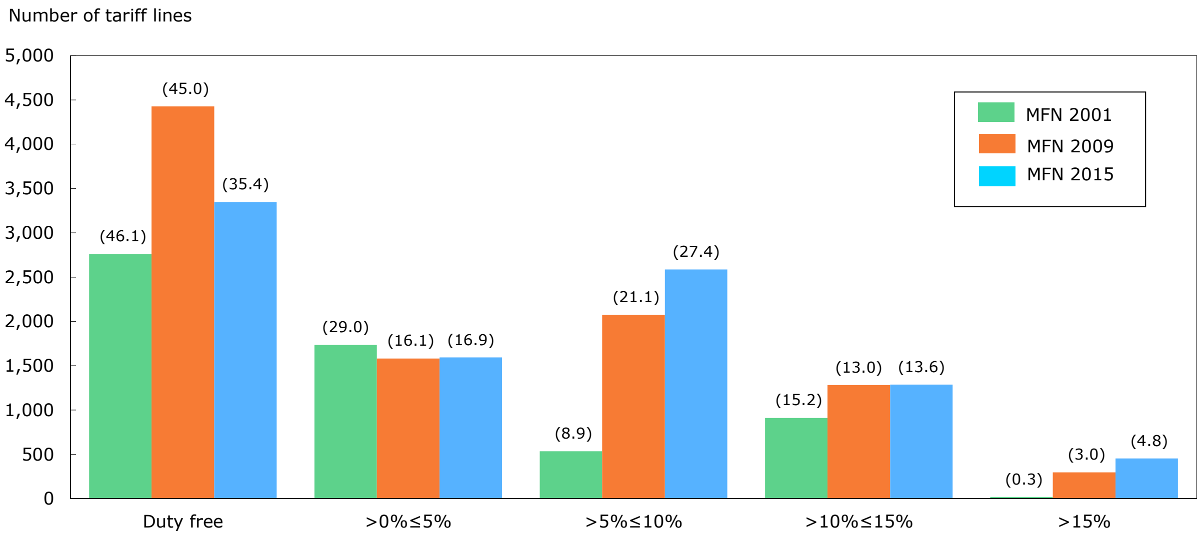
[11] The 2001 tariff is based on HS96 nomenclature, the 2009 tariff is based on HS07, and the 2015 tariff is based on HS12.

[12] 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%).

[13] 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 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. The Moldovan authorities provided the import data.

applied tariffs average 13.5% on agricultural products and 4.4% on non-agricultural goods in 2015 (Table 3.1).[15] Tariff rates range from zero to 25% without AVEs, while the highest rate including AVEs is 82.7% on certain beer (Table A3.1). The modal (most frequent) rate is zero (Chart 3.1). By HS section, the highest tariff rates are levied on prepared food, followed by fats and oils, and footwear and headgear (Chart 3.2).

Chart 3.1 Distribution of MFN applied tariff rates, 2001, 2009 and 2015



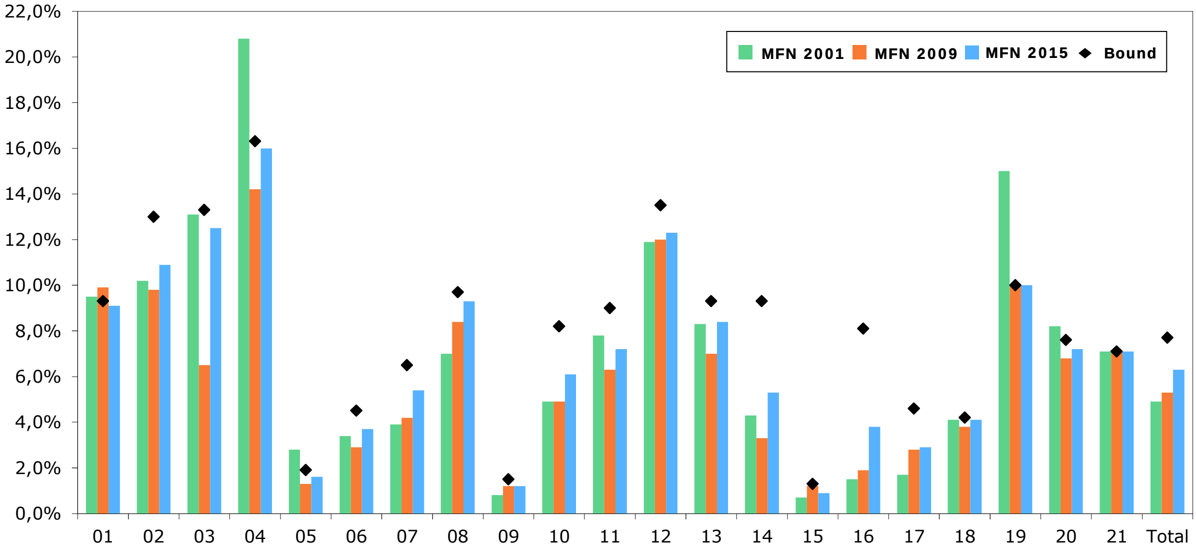
Note: Figures in parentheses denote the share of total lines including AVEs for non-*ad valorem* rates, as available. In case of non-availability the *ad valorem* part of compound rates is included.

Source: WTO Secretariat calculations, based on data provided by the Moldovan authorities.

[14] WTO definition of agriculture: HS Chapters 01-24 less fish and fishery products (HS Chapter 3, 0508, 0511.91, 1504.10, 1603-1605 and 2301.20) plus some selected products (HS 2905.43, 2905.44, 2905.45, 3301, 3501-3505, 3809.10, 3823, 3824.60, 4101-4103, 4301, 5001-5003, 5105-5103, 5201-5203, 5301, and 5302).

[15] The Republic of Moldova does not participate in the Information Technology Agreement (ITA).

Chart 3.2 Average applied MFN and bound tariff rates, by HS section, 2001, 2009 and 2015



01	Live animals & products	07	Plastic & rubber	13	Articles of stones	19	Arms & ammunition
02	Vegetable products	08	Hides & skins	14	Precious stones, etc.	20	Miscellaneous manuf.
03	Fats & oils	09	Wood & articles	15	Base metals and products	21	Works of art, etc.
04	Prepared food, etc.	10	Pulp, paper, etc.	16	Machinery		
05	Mineral products	11	Textiles & articles	17	Transport equipment		
06	Chemicals & products	12	Footwear, headgear	18	Precision instruments		

Note: Including AVEs for non-*ad valorem* rates, as available. In case of non-availability the *ad valorem* part of compound rates is included.

Source: WTO Secretariat calculations, based on data provided by the Moldovan authorities.

3.17. In aggregate, the applied MFN tariff displays mixed escalation (Table A3.1): negative from first-stage processed goods with an average tariff rate of 6.3% to semi-finished products on which tariffs average 4.1%, and positive from the latter to finished goods (7.5%).

3.18. There are 28 MFN tariff rate quota (TRQs) lines under sugar (HS 1701 and 1702), i.e. 0.3% of total lines. The out-of quota rate is 75%, and the corresponding in-quota rate is 10% (section 3.1.5).

3.19. The Republic of Moldova applies seasonal tariff to 14 lines (e.g. certain potatoes, tomatoes, cucumbers, grapes and other fruits).

3.1.4.2 Bound tariff

3.20. Upon its accession to the WTO, the Republic of Moldova bound all its tariff lines at a final simple average rate of 7.7%, against a simple average applied MFN rate of 6.3% in 2015 (Table 3.1). Some 4.2% of total bound lines are non-*ad valorem*. It bound its tariff lines on agricultural products (WTO definition), at a final simple average rate of 14.4% (compared with a simple average applied MFN rate of 13.5%); the final simple average bound tariff rate for non-agricultural goods is 5.9% (simple average applied MFN rate of 4.4%).

3.21. For some 27 lines, MFN applied tariff rates exceed bound rates when using AVEs based on 2013 import data (Table 3.2).

Table 3.2 Tariff lines where MFN applied rates exceed bound rates, 2015

HS code	MFN duty		Bound duty		Difference (%)[a]
	Non-*ad valorem* rate	AVE (%)	Non-*ad valorem* rate	Maximum (%)	
020311100	20%+200 €/t	29.64	20% + 200 €/t; max 25%	25.0	4.64
020319150	20%+200 €/t	26.35	20% + 200 €/t; max 25%	25.0	1.35
020319590	20%+200 €/t	26.47	20% + 200 €/t; max 25%	25.0	1.47
020319900	20%+200 €/t	25.86	20% + 200 €/t; max 25%	25.0	0.86
020321100	20%+200 €/t	37.42	20% + 200 €/t; max 25%	25.0	12.42
020322110	20%+200 €/t	32.53	20% + 200 €/t; max 25%	25.0	7.53
020329110	10%+200 €/t	37.35	10% + 200 €/t; max 15%	15.0	22.35
020329130	10%+200 €/t	18.70	10% + 200 €/t; max 15%	15.0	3.70
020329150	10%+200 €/t	19.45	10% + 200 €/t; max 15%	15.0	4.45
020329550	10%+200 €/t	20.51	10% + 200 €/t; max 15%	15.0	5.51
020329590	10%+200 €/t	18.65	10% + 200 €/t; max 15%	15.0	3.65
020712900	15%+100 €/t	23.06	15% + 100 €/t; max 20%	20.0	3.06
020714100	15%+100 €/t	25.69	15% + 100 €/t; max 20%	20.0	5.69
020714200	15%+100 €/t	25.77	15% + 100 €/t; max 20%	20.0	5.77
020714300	15%+100 €/t	22.58	15% + 100 €/t; max 20%	20.0	2.58
020714400	15%+100 €/t	33.25	15% + 100 €/t; max 20%	20.0	13.25
020714500	15%+100 €/t	22.00	15% + 100 €/t; max 20%	20.0	2.00
020714600	15%+100 €/t	22.74	15% + 100 €/t; max 20%	20.0	2.74
020714700	15%+100 €/t	24.33	15% + 100 €/t; max 20%	20.0	4.33
020714910	15%+100 €/t	26.90	15% + 100 €/t; max 20%	20.0	6.90
020714990	15%+100 €/t	32.29	15% + 100 €/t; max 20%	20.0	12.29
020727300	20%+100 €/t	32.35	20% + 100 €/t; max 25%	25.0	7.35
020727400	20%+100 €/t	38.97	20% + 100 €/t; max 25%	25.0	13.97
020727800	20%+100 €/t	28.48	20% + 100 €/t; max 25%	25.0	3.48
020727910	20%+100 €/t	35.52	20% + 100 €/t; max 25%	25.0	10.52
040510110	15%+500 €/t	28.73	15% + 500 €/t; max 25%	25.0	3.73
040510190	15%+500 €/t	30.57	15% + 500 €/t; max 25%	25.0	5.57

a Difference in percentage points between applied MFN and bound duty rates.

Note: Calculations of *ad valorem* equivalents (AVEs) are based on 2013 import data.

Source: WTO calculations, based on data provided by the Moldovan authorities.

3.1.4.3 Preferential tariff

3.22. The Republic of Moldova has preferential trading agreements with 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. In 2014, trade under these preferential agreements represented 76.2% of the Republic of Moldova's total imports, and 85.9% of total exports (section 2.4.2).

3.23. 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), for the rest of the Republic of Moldova's RTAs in force duty free treatment is provided.

3.24. The Republic of Moldova does not grant autonomous preferences, but goods originating in the Republic of Moldova benefit from the Generalized System of Preferences (GSP) of Canada, the EU, Japan, Norway, Switzerland, Turkey, and the United States (section 2.4.3).

3.1.4.4 Other duties and charges

3.25. In addition to customs tariffs, certain products (imported or domestically-produced) are subject to VAT and excise duties.

3.26. VAT, regulated by Articles 96 and 104 of Title III of the Tax Code, is levied at three rates: 20% (the standard rate), 8% on certain types of supplies (e.g. certain agricultural (plant and animal) products, bread, bakery products, milk, certain pharmaceutical products, sugar, and supply/import of natural and liquefied gas), and 0% for export of goods and services, international transportation, utilities provided to population, import and/or delivery of goods from grants, goods and services imported to/exported from Free Economic Zones, goods and services for the use of diplomatic missions in the Republic of Moldova, and goods delivered in duty-free shops. In addition, certain supplies, such as financial services, passenger transportation services are exempted from VAT.

3.27. Excise duties, regulated by Title IV of the Tax Code, are mostly non-*ad valorem* (Table 3.3). Excise duties on cigarettes, fuel and alcohol will be progressively raised to reach the EU minimum threshold by 2025.

Table 3.3 Excise duties, 2010-15

HS	Product	Unit	Excise rate						
			2010	2011	2012	2013	2014	2015	
								Up to 01.05.2015	After 01.05.2015
160430	Caviar and caviar substitutes	value in MDL	25%	25%	25%	25%	25%	25%	25%
220300	Malt Beer	Litre	MDL 1.85	MDL 1.85	MDL 1.85	MDL 1.94	MDL 2.02	MDL 2.02	MDL 2.15
2205	Vermouths and other wines	value in MDL	10%, but not less than 1.69 MDL/litre	10%, but not less than 1.69 MDL/litre	MDL 15 + 15%	MDL 10	MDL 10.50	MDL 10.50	MDL 11.17
220600	Fermented beverages	value in MDL	10%, but not less than 0.17 MDL/litre	10%, but not less than 0.17 MDL/litre	MDL 15 + 15%	MDL 10	MDL 10.50	MDL 10.50	MDL 11.17
2207	Denatured ethyl alcohol	litre of absolute alcohol	0.09 MDL/% vol/litre	0.09 MDL/% vol/litre	MDL 15 + 15%	MDL 70	MDL 70	MDL 70	MDL 70
2208	Denatured ethyl alcohol:								
	with an alcoholic concentration of up to 9% volume	litre of absolute alcohol	12%, but not less than 0.14 MDL/% vol/litre of absolute alcohol	12%, but not less than 0.14 MDL/% vol/litre of absolute alcohol	MDL 30 + 30%	MDL 70	MDL 73	MDL 73	MDL 77.67
	with an alcoholic concentration of 9% to 25% volume	litre of absolute alcohol	30%, but not less than 0.12 MDL/% vol/litre of absolute alcohol	30%, but not less than 0.12 MDL/% vol/litre of absolute alcohol	MDL 30 + 30%	MDL 70	MDL 73	MDL 73	MDL 77.67
	with an alcoholic concentration exceeding 25% volume	litre of absolute alcohol	50%, but not less than 0.45 MDL/% vol/litre of absolute alcohol	75%, but not less than 0.67 MDL/% vol/litre of absolute alcohol	MDL 30 + 30%	MDL 70	MDL 73	MDL 73	MDL 77.67
240210000	Cigars	value in MDL	25%	25%	40%	40%	40%	40%	40%
240220	Cigarettes with filter	1.000 pieces	MDL 6.60 + 12%	MDL 10.00 + 18%	MDL 20 + 24%	MDL 30 + 30%	MDL 75 + 24%	MDL 75 + 24%	MDL 200 + 18%
	Cigarettes without filter	1.000 pieces	MDL 7.00	MDL 10.50	MDL 20	MDL 30	MDL 50	MDL 50	MDL 50
240290 000	Other cigars, cigarillos	value in MDL	10.80 MDL	10.80 MDL	40%	40%	40%	40%	40%
2403	Other tobacco	Kg	0	0	0	MDL 100.00	MDL 104.30	MDL 104.30	MDL 110.98
271011110-271019290	Light and medium (distilled) Oils	Tonnes	MDL 2.700	MDL 2.700	MDL 2.885	MDL 3.200	MDL 3.500	MDL 3.500	MDL 3.714
271019310-271019490	Diesel, including fuel and diesel fuel for furnaces	Tonnes	MDL 1.125	MDL 1.125	MDL 1.200	MDL 1.330	MDL 1.455	MDL 1.455	MDL 1.544

HS	Product	Unit	Excise rate						
			2010	2011	2012	2013	2014	2015	
								Up to 01.05.2015	After 01.05.2015
271112, 271113, 271114000, 271119000	Liquefied Petroleum Gas	Tonnes	MDL 1.125	MDL 1.125	MDL 1.800	MDL 1.995	MDL 2.180	MDL 2.180	MDL 2.313
271019510, 271019610, 271019630, 271019650, 271019690	Heavy fuel oil	Tonnes	MDL 1.125	MDL 1.125	MDL 1.200	MDL 1.330	MDL 1.455	MDL 1.455	MDL 3.48
280430000	Azot	Tonnes	0	0	€100	€105	€109,50	€109,50	€116,51
280440000	Oxygen	Tonnes	0	0	€110	€116	€121	€121	€128,74
330300	Perfumes and eau de toilette	Value in MDL	30%	30%	30%	30%	30%	30%	30%
711311000	Jewelry articles of silver	Gram	30%	MDL 2.00	MDL 2.00	MDL 2.10	MDL 2.20	MDL 2.20	MDL 2.34
711319000, 711320000	Jewelry articles of precious metals	Gram	MDL 30	MDL 30	MDL 30	MDL 32	MDL 33.40	MDL 33.40	MDL 35.54
8519	Sound recorders, sound reproducing equipment, sound recording and reproducing equipment	Value in MDL	15%	15%	15%	15%	15%	15%	15%
852110, 852190000, 8527	Other videos recorders and reproducers	Value in €	€ 11,80 15%	€11,80 15%	5%	5%	5%	5%	5%

.. Not available.

Source: Information provided by the Moldovan authorities.

3.28. The Republic of Moldova applies an import surcharge on certain motor vehicles; the surcharge rate ranges between 10% and 50% of the relevant excise tax amount, calculated as a function of engine capacity and age (section 4.2).

3.29. The Republic of Moldova bound at zero other duties and charges within the meaning of Article II:1(b) of the GATT 1994 in its Schedule of Concessions on Goods which is reproduced in Part I of the Annex to the Protocol of Accession.[16]

3.1.5 Import prohibitions, restrictions, licensing, and quotas

3.30. The importation of some products (e.g. certain animals, plants, narcotics, arms, asbestos and ozone depleting substances) are prohibited for various reasons, such as health, environment, public security and order, cultural heritage or the fulfilment of international obligations, e.g. under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES). According to the authorities, temporary import prohibitions are also 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.

3.31. The import of the products listed in Table 3.4 is subject to licence/permission issued by various authorities, notably the Licensing Chamber (under the Ministry of Economy). An applicant for an import authorization may submit an online application at any time. No quantitative restrictions are stipulated in the authorizations. The decision to issue or refuse a licence is made within 5 working days from the date of the presentation of all the necessary documents and respectively within 10 working days to issue or refuse permission.

3.32. The validity of the authorization varies from 6 months to 1 year, according to the type of authorization required; importers must possess the licence prior to the goods' arrival. The validity of the authorization can be extended, but not after the term of validity of the business activity which refers to this authorization. The reasons for refusal must be provided in writing to the applicant. Refusal may only happen if there was incomplete information in the application; according to the authorities, the refusal rate is under 0.5% of all applications.

[16] WTO document WT/ACC/MOL/37, 11 January 2001.

Table 3.4 Import licensing procedures, 2015

Product	Agency responsible	Domestic legislation
Ethyl alcohol, alcoholic products and/or beer	Licensing Chamber	Law No. 451-XV of 30 July 2001 on Business Activity Licensing; and Law No. 160 of 22 July 2011 on regulating the authorization of entrepreneurial activity
Tobacco products and fermented tobacco	Licensing Chamber	Law No. 451-XV of 30 July 2001 on Business Activity Licensing; and Law No. 160 of 22 July 2011 on regulating the authorization of entrepreneurial activity
Fertilizer products	Ministry of Agriculture and Food Industry	Law No. 221 of 19 October 2007 on sanitary-veterinary activity; Law No. 228 of 23 September 2010 on plant protection and plant quarantine; and Law No. 119 of 22 June 2004 on fertilizers
Toxic chemical substances and materials	Licensing Chamber	Law No. 451-XV of 30 July 2001 on Business Activity Licensing; and Law No. 160 of 22 July 2011 on regulating the authorization of entrepreneurial activity
Civil arms and ammunition	Licensing Chamber	Law No. 451-XV of 30 July 2001 on Business Activity Licensing; and Law No. 160 of 22 July 2011 on regulating the authorization of entrepreneurial activity
Explosives for civil uses	Licensing Chamber	Law No. 451-XV of 30 July 2001 on Business Activity Licensing
Pyrotechnic articles	Licensing Chamber	Law No. 451-XV of 30 July 2001 on Business Activity Licensing; and Law No. 160 of 22 July 2011 on regulating the authorization of entrepreneurial activity
Cryptographic methods and technical protection of information, special technical methods for obtaining secret information	Licensing Chamber	Law No. 451-XV of 30 July 2001 on Business Activity Licensing; and Law No. 160 of 22 July 2011 on regulating the authorization of entrepreneurial activity
Gasoline, diesel oil and/or liquefied petroleum gas	National Energy Regulatory Agency	Law No. 451-XV of 30 July 2001 on Business Activity Licensing; Law No. 160 of 22 July 2011 on regulating the authorization of entrepreneurial activity; and Law No. 461-XV of 30 July 2001 on petroleum products market
Strategic goods	Ministry of Economy	Law No. 1163-XIV of 26 July 2000 on export control, re-export, import and transit of strategic goods
Goods subject to sanitary veterinary control	Ministry of Agriculture and Food Industry	Law No. 119 of 22 June 2004 on phytosanitary and fertilizer products; and Law No. 221 of 19 October 2007 regarding sanitary-veterinary activity
Medicinal products	Medicines Agency	Law No. 1409-XIII of 17 December 1997 on medicinal products
Narcotic drugs, psychotropic substances and precursors	Standing Committee on Drug Control	Law No. 382-XIV of 6 May 1999 on circulation of narcotic drugs, psychotropic substances and precursors
Halogenated hydrocarbons that deplete the ozone layer	Ministry of Environment	Law No. 852-XV of 14 February 2002 for approving the Regulation on trade regime and regulating the use of halogenated hydrocarbons that are depleting the ozone layer

Source: WTO document G/LIC/3/MDA/2, 23 September 2013.

3.33. The Republic of Moldova applies MFN import TRQs on sugar, 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.

3.1.6 Contingency trade measures

3.34. Contingency trade measures are regulated under the Law on Anti-Dumping Measures, Countervailing Duties and Safeguards, No. 820 - XIV of 17 February 2000.[17] The competent authority for initiating anti-dumping, countervailing and safeguard investigations is the Investigation Body (previously known as Investigation Authority), under the Ministry of

[17] WTO document G/ADP/N/1/MDA/1, G/SCM/N/1/MDA/1, G/SG/N/1/MDA/1, 12 February 2002.

Economy.[18] The decision on initiating an investigation procedure is published in the Monitorul Oficial, the *Official Gazette*.

3.35. The Republic of Moldova may impose anti-dumping duty on a product imported at less than its normal value and if it has been determined during the investigation procedure that it causes or threatens to cause material injury to domestic production. A countervailing duty may be imposed to counter the impact of subsidized imports that cause or threaten to cause injury. A proposal for initiating an investigation on anti-dumping or countervailing measures may be submitted by any natural or legal person, or trade-company or economic association acting on behalf of domestic production.

3.36. The Investigation Body may impose a provisional duty where the preliminary investigation shows that dumping or a subsidy exists and that there is sufficient evidence of injury. Provisional anti-dumping or countervailing duties have a maximum validity of four months; however, under special circumstances, the period may be extended to six or nine months, respectively. A definitive anti-dumping or countervailing duty will expire, at least, five years from its imposition or from the date of its most recent verification, if such verification procedure covers dumping or subsidization and injury. The verification procedure must be concluded within 12 months and, at the latest, within 15 months from the date of its initiation.

3.37. A safeguard measure may be imposed if particular goods are imported in increased quantities, and if such imports cause or threaten to cause injury to domestic production of like goods.[19] A proposal for initiating a safeguard investigation may be submitted by any natural or legal person, or economic association acting on behalf of domestic production. Interested parties have the right to be heard during the investigation. The measure may be applied for four years, extendable to eight years in total. A provisional duty may be imposed for a period not exceeding 200 days, in exceptional circumstances, if the Investigation Body determines that there is clear evidence that the increased imports have caused or are threatening to cause serious injury to domestic production.

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

3.39. The Republic of Moldova has so far initiated two safeguard investigations. On 10 June 2003, regarding imports of sugar[20], and on 18 June 2003 with respect to imports of cosmetic and perfumery products.[21] On imports of sugar, a definitive safeguard measure was introduced in 2004 which expired on 31 December 2012.[22] 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.

3.1.7 Standards and other technical requirements

3.40. The Ministry of Economy is the WTO TBT enquiry point. The National Institute of Standardization 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.[23] The Republic of Moldova has submitted 24 notifications to the TBT Committee (up to March 2015).[24] No specific trade concern has been raised in the Committee regarding the Republic of Moldova.

3.41. 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

[18] Half of the members in the Investigating Authority are selected from among the staff of the Ministry of Economy, and the other half from representatives of other central public administration authorities.
[19] Safeguard measures may be applied only when the investigation proves a causal relation between the increased import and the injury or threat of injury to domestic production.
[20] WTO document G/SG/N/6/MDA/1, 30 September 2003.
[21] WTO document G/SG/N/6/MDA/2, 13 July 2004.
[22] Law No. 8-XV of 5 February 2004.
[23] WTO document G/TBT/CS/N/182, 23 August 2013.
[24] WTO document series G/TBT/N/MDA.

following public institutions[25]: National Institute of Standardization (NIS), National Institute of Metrology (NIM), National Centre of Accreditation (MOLDAC), and Consumer Protection Agency (CPA). State funding for the development of policy in the field of standardization, metrology and accreditation is described in Table 3.5.

Table 3.5 State-funding for standardization, metrology and accreditation, 2010-15

('000 US$)

	2010	2011	2012	2013	2014	2015
Standardization	210	250	375	375	380	380
Metrology	0	0	0	570	570	570
Accreditation	0	0	0	155	155	155
Total	**210**	**250**	**375**	**1,100**	**1,005**	**1,005**

Source: Information provided by the Moldovan authorities.

3.42. Moldova's legal framework includes, *inter alia*, the Law on Standardization (No. 590-XIII of 22 September 1995)[26], 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)[27]; and the Law on Consumer Protection (No. 105-XV of 13 March 2003).[28]

3.43. According to the authorities, technical regulations are developed when the harmonization of the national legislation with the EU's and international legislation are being enforced, when the content of the technical regulation in effect does not conform with the corresponding European/international tandards, or if there exists a problem that can only be solved through a technical regulation. Standards are developed by various National Technical Standardization Committees created by representatives of interested parties. Under Government Decision No. 31 of 23 January 2009, any relevant Minister can issue a technical regulation. New technical regulations or substantial amendments to existing ones must be issued by Governmental decision, and are published in the Monitorul Oficial. Regarding the elaboration of new technical regulations or amendments to existing ones, interested parties are informed not later than two weeks after the day of elaboration.[29] Except for cases of emergency, a 60 days period is provided for submission of written comments by WTO Members on draft standards, technical regulations and conformity assessment procedures.

3.44. Market surveillance for technical regulations and standards is the responsibility of the CPA. A new law on monitoring the market is being prepared to develop a mechanism for cooperation between Customs and CPA. It is expected to be in force by the end of 2016.[30]

3.45. 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 given in the standards (voluntary) 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.

[25] Government Decision No. 996 of 27 December 2012 and Government Decision No. 77 of 25 January 2013.

[26] 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.

[27] 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.

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

[29] WTO document G/TBT/2/Add.68/Suppl.1, 10 October 2006.

[30] Currently the CPA is operating on the basis of provisions for market monitoring contained in the laws on consumer protection and on technical regulations. The new law is intended to consolidate these two provisions.

3.46. National standards are being harmonized with international/European standards. At the end of April 2014, 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 80% of EU standards portfolio by 2017, through the adoption of international/EU standards only. Some 95% of harmonized 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.

3.47. MOLDAC is responsible for, *inter alia*, accreditation of testing and calibration laboratories, medical laboratories, certification and inspection bodies, as well as accreditation of certification bodies for Quality Management Systems. MOLDAC has granted 137 accreditation certificates; it carries out surveillance on accredited bodies annually. MOLDAC has signed cooperation agreements with the accreditation bodies of Belarus, Bosnia and Herzegovina, Croatia, Cyprus, Czech Republic, Estonia, Kazakhstan, Kyrgyzstan, FYR of Macedonia, Poland, Romania, the Russian Federation, Slovakia, Ukraine, and Turkey.

3.48. CPA and the State Inspectorate on Technical Surveillance of Dangerous Industrial Objects (SITSDIO) are in charge of supervising the conformity and safety of products placed on the market or used in, *inter alia*,: machinery, electrical equipment, energy efficiency of household appliances, refrigerators, freezers, lifts, pressure equipment hot water boilers, construction products, metrology, personal protective equipment, crystal glass, textiles, and general safety of products, furniture, wood, and oil fuels. There are currently 99 accredited testing and calibration laboratories (ISO/IEC 17025); two medical laboratories (ISO/IEC 15169); 10 metrological laboratories (ISO/IEC 17020); 18 accredited inspection bodies of products (ISO/IEC 17065 and EN 45011); 3 certification and quality management and food safety systems (ISO/IEC 17021), and 3 ecological productions inspection bodies (ISO/IEC 17020). Market surveillance is carried out by inspectors from CPA and SITSDIO.

3.49. Before placing a product on the market, importers shall ensure that the manufacturer has met the appropriate conformity assessment procedure set up by a Moldovan accredited body. An amendment is being prepared to the Law on Accreditation and Conformity Assessment Activities No. 235 of 1 December 2011, for excluding such obligation.

3.50. 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).

3.51. The mutual recognition agreements of the certificates specify that these agreements are applicable only for the products manufactured within these countries. The importer places on the market only products compliant with the essential requirements based on a declaration of conformity. The declaration of conformity is issued on the importer’s own responsibility on the basis of the manufacturer's technical documentation translated into Moldovan/Russian and legalized. The Republic of Moldova has signed bilateral agreements on the recognition of conformity certificates with several countries, including Azerbaijan, Belarus, Kazakhstan, the Russian Federation, and Ukraine. In addition, the Republic of Moldova recognizes certificates from EU member states.[31]

3.1.8 Labelling and packaging requirements

3.52. The Law on Consumer Protection (No. 105-XV of 13 March 2003) prescribes that product information must contain all relevant information needed to help the consumer make an informed decision when buying products. These data must be presented clearly, visibly, and legibly and

[31] Under Law No. 235 of 1 December 2011, the Republic of Moldova recognizes certificates of conformity or test reports issued by signatories of Multilateral Recognition Agreement with the European Cooperation for Accreditation. The certificates of conformity and/or test reports should be issued for products imported from EU member states, translated into Moldovan or Russian and confirmed by the importer stamp specimen.

written in Moldovan (Romanian) or Russian languages; other languages and characters easily comprehensible to consumers are not excluded.

3.53. Requirements for labelling, presentation, and advertising of food and nutritional labelling of food are set out in Government Decisions that are compulsory. The National Food Safety Agency (NFSA) is responsible for drafting and interpreting such Decisions as well as for the majority of regulations on food quality for specific categories.

3.54. The Republic of Moldova has a mutual recognition agreement with the EU (section 3.1.7). Manufacturers or their authorized representatives registered in the Republic of Moldova or any natural or legal person who places a product on the market or puts one into service, must affix the conformity marking and guarantee that the product has been designed, constructed and tested in the prescribed manner, that it complies with all applicable technical requirements, and that it has a written declaration of conformity, a test report or a certificate of conformity.

3.1.9 Sanitary and phytosanitary measures

3.55. NFSA is responsible for the regulation and control of food safety and sanitary-veterinary activities, animal husbandry, plant protection and phytosanitary quarantine, seed, primary products, food and feed quality control.[32] It also is in charge of ensuring compliance of the domestic legislation with the WTO SPS Agreement. Currently, the veterinary arm of NFSA also does risk analyses, but in the future all risk analysis will be consolidated in a separate branch.

3.56. The domestic legal framework on SPS includes, *inter alia*, Law No. 113 of 18 May 2012 establishing the general principles and requirements of food safety; Law No. 221 of 19 October 2007 on sanitary-veterinary activity[33]; Law No. 228 of 23 September 2010 on plant protection and plant quarantine; and the Regulation regarding the organization and functioning of NFSA (Government Decision No. 51 of 16 January 2013).

3.57. Veterinary and sanitary inspection requirements are identical for domestic products and imports. Imports subject to such requirements may enter if they are from approved third-country establishments inscribed on a list established by the EU. The Republic of Moldova is in the process of transposing the EU legislation on food safety into national legislation. Veterinary regulations on food safety are being harmonized with the consolidated directives, regulations and decisions of the EU. As from 16 June 2014, veterinary certificates required by EU legislation for imports from third countries, issued by the EU for exports to the Republic of Moldova, are also accepted by NFSA.

3.58. Government Decision No. 1073 of 19 September 2008 sets out the products that must have a veterinary or phytosanitary certificate on importation. The list is available in the annexes to this Decision (available in Moldovan and Russian only).

3.59. Under Article 31 of Law No. 221, imported animals are subject to prophylactic quarantine for a period not exceeding 30 days. This must be done in isolated, specially designated places, authorized by the food safety territorial subdivisions, enabling the introduction of animals in these places only after verifying whether the specific sanitary veterinary requirements were met.

3.60. Under Article 32 of Law No. 221, if during customs clearance, the official veterinarian detects communicable diseases in animals or there is a suspicion thereof, or other hazard that could endanger animal health, veterinary public health, animal welfare, environmental protection and safety of products of animal origin, the entire consignment of goods subject to state sanitary veterinary control is returned to the country of origin. If this is not possible, NFSA together with Customs, may order the destruction of the consignment, forced slaughter of animals and further processing or immediate treatment thereof, as well as of the related objects and materials.[34]

[32] Government Decision No. 51 of 16 January 2013.

[33] This law lays down the main sanitary-veterinary rules and requirements, rights and obligations of the authorities and of the individuals and legal entities for production, processing, storage, transport and trade of live animals and animal origin products.

[34] In this case, NFSA shall notify the measures deployed to the central sanitary veterinary authority of the exporting country.

3.61. Legislation on border control checks is also largely harmonized with the EU. Physical checks are carried out randomly. The Republic of Moldova is planning to separate physical controls into border controls and destination controls, but the infrastructure is not yet in place. Problems with recognition of foreign certificates arise mainly with third countries whose services do not comply with the EU's veterinary certificate; for phytosanitary certificates there is no problem as the certificate is international.[35]

3.62. Domestic legislation on plant health is largely harmonized with the EU. According to the authorities, all plant health activities are in conformity with international standards. At least two inspectors are present in every administrative region.[36] There are 10 territorial divisions (regions) that have been provided with necessary equipment for phytosanitary analysis. Inspectors are being trained to apply international standards for plant health control and the aim is to accredit them soon.

3.63. Currently, there are 11 control posts at the border and 7 internal for SPS checks.[37] For phytosanitary checks there is no cost, while for veterinary controls the importer has to pay MDL 400. With a loan from the World Bank, the Republic of Moldova is in the process of upgrading its SPS-related infrastructure at key points of entry to equip them with laboratories and fridges to carry out tests of imports. The World Bank plans to support the creation of a risk analysis database and a consolidated risk analysis unit. So far, there is no risk database and records of inspections are kept in hard copies.[38] A system of green and red lanes, similar to Customs is planned for SPS controls and to be integrated with ASYCUDA World. There is also a pilot project for integration with ASYCUDA World to ensure inter-agency cooperation on risk management and controls with customs.

3.64. The Republic of Moldova currently bans the following imports on SPS grounds: (a) live biongulate animals from countries with bluetongue reports on OIE (Romania, FYR of Macedonia, Bulgaria); (b) live birds from countries with High Pathogenic Avian Influenza reports on OIE (Bulgaria, Romania).

3.65. Government Decision No. 594 of 2 August 2011 establishes special requirements for the introduction and movement of plants, plant products and other objects on the territory of the Republic of Moldova.[39] Normally, when a partner country's animal health situation deteriorates, an import ban is imposed and the respective country's veterinary services are informed. The ban is lifted upon receipt of report from that country's veterinary service that the threat is under control.

3.66. WTO Members have not raised specific concerns in the SPS Committee regarding the Republic of Moldova. It has submitted 3 notifications to the SPS Committee (up to March 2015).[40]

3.67. The Republic of 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).[41] It is also member of the European and Mediterranean Plant Protection Organization (EPPO).

[35] Government Decision No. 1099 of 29 September 2008 regarding sanitary-veterinary regulates imports of animals, while Government Decision No. 1408 of 10 December 2008 regulates certain sanitary-veterinary norms.

[36] The Republic of Moldova's SPS legislation is available in the CEFTA database. A centre of expertise created in 2009 and accredited in 2014, is the coordinating institution with which all regional inspectors work and also cooperates with laboratories.

[37] The list of border points for sanitary-veterinary and phytosanitary controls is provided in Government Decision No. 51 of 16 January 2013 on the organization and operation of the NFSA.

[38] Currently, there is double-inspection: an NFSA agent does a documentary check at the border and a physical check is done either at the border or in the interior of the Republic of Moldova, depending on the border post's capacity constraints.

[39] The list is available on NFSA's website (in Moldovan only). Viewed at: http://www.ansa.gov.md.

[40] WTO document series G/TSPSN/MDA.

[41] WTO document G/SPS/GEN/49/Rev.12, 20 January 2015.

3.1.10 Government procurement

3.1.10.1 Overview

3.68. Government procurement in the Republic of Moldova has continued to expand over the last few years. For example, total government contracts increased from MDL 4,523 million in 2009 to MDL 10,839 million in 2014 (Table A3.2)[42].

3.69. The Republic of Moldova has become increasingly aware of the potential for economic loss caused by inadequate public procurement processes. It has shown its commitment to opening its procurement markets to international competition and is currently in the final stages of acceding to the revised WTO Agreement on Government Procurement (GPA). The Republic of Moldova is also aligning its public procurement system with international best practices, including relevant EU Directives as a result of the DCFTA. In that context, it adopted a revised Law on Public Procurement on 3 July 2015, not yet in force[43], which was circulated to the WTO Committee on Government Procurement on 27 July 2015.[44]

3.70. Overall, the legal reforms undertaken by the Republic of Moldova aim at providing increased transparency, oversight of procedures, optimised participation requirements and complaints management.[45] They also respond to some shortcomings that, in the past, had been identified by cooperation partners, such as the EBRD.[46] Now that the revised legislation has been adopted, a remaining focus of current reform efforts is the establishment of a domestic review body for supplier complaints.

3.71. In the course of its WTO accession, the Republic of Moldova undertook to initiate negotiations to join the GPA.[47] It became an observer to the GPA on 29 September 2000 and subsequently applied for accession to the GPA on 7 January 2002.[48] Since 2014, the Republic of Moldova significantly accelerated its GPA accession negotiation by gradually expanding its market access offer, and fully engaging in legal reforms to bring its legislation in line with the GPA rules, and eventually circulated its final offer on 30 January 2015. On this basis, a Draft Decision of the Committee on the Accession of the Republic of Moldova to the Agreement on Government Procurement may be adopted in the Committee meeting in September 2015, and in any case accession is expected to occur before the end of 2015.

3.2 Domestic legal framework for procurement and related reforms[49]

3.72. The Public Procurement Agency (PPA), under the Ministry of Finance, is in charge of government procurement matters. Together with twinning project partners, the PPA developed the revised Law on Public Procurement that will replace Law on Government Procurement (No. 96-XVI of 13 April 2007).[50] Under the revised Law on Public Procurement, public contracts are awarded without any discrimination of foreign suppliers. Any business operator, resident or non-resident, individual or legal entity of private or public law or any group of such persons, have the right to participate, subject to the conditions of the law, in the procedure of awarding a public procurement contract. Foreign business operators enjoy the same rights in respect of the participation in the procedures of awarding public procurement contracts as those enjoyed by business operators of the Republic of Moldova in the country where the foreign business operator is a resident.[51]

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[42] Statistics of contracts awarded to foreign suppliers were not available.

[43] The new Law on Public Procurement will enter into force nine months after it is published in the *Official Gazette*.

[44] WTO document GPA/ACC/MDA/27, 27 July 2015.

[45] EU Commission (2015).

[46] EBRD / UNCITRAL Initiative on Public Procurement (2013).

[47] WTO document WT/ACC/MOL/37, 11 January 2001, paragraph 150.

[48] WTO document GPA/63, 8 January 2002.

[49] This section draws on online information provided by the EBRD / UNCITRAL Public Procurement Initiative. Viewed at: http://www.ppi-ebrd-uncitral.com/index.php/en/moldova.

[50] It was endorsed by the Ministry of Finance and approved by the Government in Decision No. 217 of 25 March 2014. The draft law passed the first reading in Parliament on 19 June 2014, and was adopted in the final reading by the Parliament on 3 July 2015.

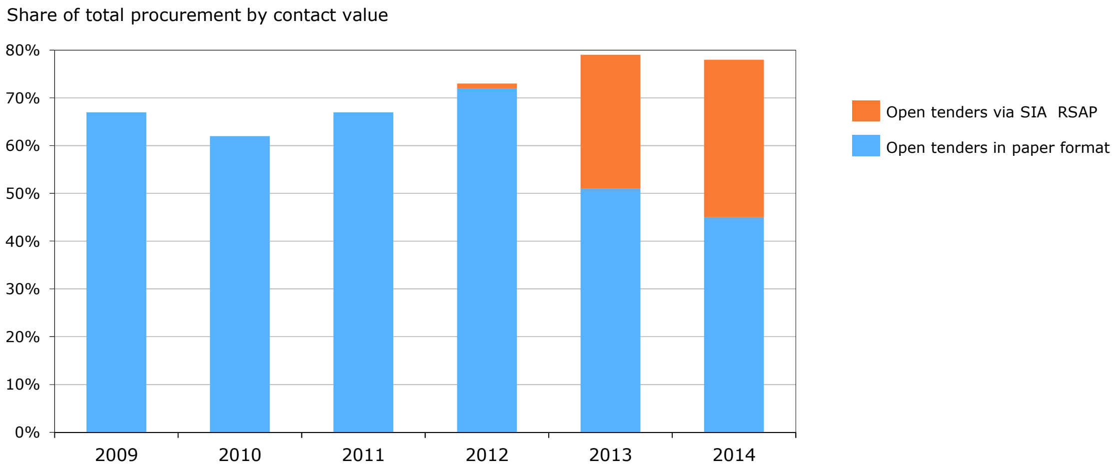
[51] Paragraphs 1 and 2 of Article 15 of the revised Law on Public Procurement.

3.73. In addition, the following secondary legislation was approved in 2013-15: Public procurement regulation on using the competitive dialogue procedure (approved by Government Decision No. 804 of 10 October 2013); Public procurement regulation on using the negotiation procedure (approved by Government Decision No. 794 of 8 October 2013); Public procurement regulation on using the dynamic system (approved by Government Decision No. 766 of 26 September 2013); Public procurement regulation on using the electronic auction (approved by Government Decision No. 774 of 4 October 2013); and Draft law amending and supplementing the Code of Administrative Offences (approved by Government Decision No. 181 of 13 March 2013).

3.74. In 2013, a draft governmental decision to approve standard documentation for the realization of public procurement of consultancy services was also elaborated and is now at the stage of being approved by the Ministry of Finance. A regulation regarding the award of public procurement contracts using limited procedure was postponed pending the entry into force of the new Law on Public Procurement.

3.75. As shown in Table A3.2, the legal reforms have resulted in a slight increase of open tendering procedures (expressed as share of total procurement by contract value), with a marked surge in the use of e-procurement in 2013 and 2014 (Chart 3.3).

Chart 3.3 Share of open tendering, 2009-14



Source: Information provided by the Moldovan authorities.

3.76. During 2013-14, the implementation of a modern e-procurement system (the so-called State Information Automated System for Public Procurement Register or "SIA") continued, following the launch of the first stage of such a system in 2012. According to the World Bank, the e-procurement portal was further developed and new functionalities were added, such as the announcement of intended procurement activities, the availability of electronic bidding documents, the automated public procurement bulletin, and generation of an electronic bid template for economic operators. Standard procurement documents and Guidance Notes are being developed by the Ministry of Finance and the Moldovan Government.[52]

3.77. The progress of certification as well as business outreach, training and study tours were conducted and completed. Currently, all Ministries (16) and 133 additional contracting agencies, i.e. a total of 149 central public authorities use the e-procurement system in a pilot scheme. According to government statistics, in 2014, 2,704 electronic procurement procedures were initiated and carried through via SAI RSAP by the 149 contracting authorities, which resulted in 3,809 concluded contracts amounting to MDL 3,757 million in procurement value. The system has undergone several evaluations, both by foreign evaluators and representatives of the central government. Among other things, the e-procurement system was audited by the auditors of the Court of the Republic of Moldova and an audit report was approved.[53] Overall, the e-procurement

[52] The World Bank (2015).
[53] Decision of the Court of Auditors No. 56 of 8 December 2014, *Official Gazette* 386-396/47, of 26 December 2014.

portal provides more easily available procurement information and collects data for statistical and audit use, which in turn ensures a greater transparency in public procurement procedures.

3.2.1 Trade-related investment measures (TRIMs)

3.78. The authorities stated that the Republic of Moldova does not maintain any trade-related investment measures (TRIMs).

3.3 Measures Directly Affecting Exports

3.3.1 Registration and documentation

3.79. Similar registration and documentation requirements apply to exporters and importers (section 3.1.1). An electronic export declaration system was implemented in November 2013.

3.80. According to the latest estimates from the World Bank, export procedures in the Republic of Moldova take 23 days and cost US$1,510 per container (32 days and US$1,545 per container in 2012).[54] There are no customs fees for export procedures or registration.

3.3.2 Export taxes, charges, levies and quotas

3.81. There are no export taxes, charges, or levies applied by the Government or other public authorities in the Republic of Moldova.

3.82. On 1 January 2014, the export of Moldavian wine to the EU was liberalized.[55]

3.3.3 Export prohibitions, restrictions and licensing

3.83. The Law on Export, Re-export, Import and Transit Control of Strategic Goods (No. 1163-XIV of 27 July 2000) provides the legal basis for export control in the Republic of Moldova. An Interdepartmental Committee is in charge of the process, with the Ministry of Economy as coordinating authority.[56] It has a maximum of 60 days to examine licence applications.

3.84. The Republic of Moldova uses the EU Control List as basis for its own National Control List which includes: "Dual-Use Goods and Technologies List" (10 categories) and "List of Weapons and Munitions". The Republic of Moldova also follows international agreements such as the Non-Proliferation Treaty (1968), and the Convention on the Prohibition of Development, Production, Stockpiling and Use of Chemical Weapons and their Destruction (1993).

3.3.4 Export support, financing and promotion

3.85. The Republic of Moldova notified that it provided no export subsidies to agricultural products in 2002-2014 (section 4.1.3). The authorities stated that no export subsidy is provided.

3.86. The Republic of Moldova does not have export credit or export insurance programmes. Nonetheless, it provides some assistance to exporters in export exhibitions and image promotion.

3.3.5 Free economic zones and industrial parks

3.87. There are seven Free Economic Zones (FEZs)[57], plus an international airport and free port[58], with status similar to FEZ. The main goals of such zones are the acceleration of the socio-economic

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

[55] CE Regulation No. 1384/2013 of 17 December 2013.

[56] Other institutions involved include: Ministry of Foreign Affairs and European Integration, Ministry of Internal Affairs, Ministry of Defense, Customs Service, and Licensing Chamber.

[57] These are: (i) Expo-Business-Chisinau; (ii) Ungheni-Business; (iii) Otaci-Business; (iv) Valkanes; (v) Taraclia; (vi) Tvardita; and (vii) Balti.

[58] The Giurgiulesti International Free Port (GIFP), established in 2005, was granted status similar to a FEZ until 2030 (section 4.4.3.2). The Marculesti International Airport, established in 2008, was granted status similar to GIFP until 2018 (section 4.4.3.4).

development of certain areas and the country as a whole by creating jobs, attracting foreign and domestic investments, and promoting export-oriented production.[59]

3.88. In general, FEZs are created for a period of 25-30 years and offer, *inter alia*, the following incentives: (i) exemption from VAT; (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 to outside the customs territory of the Republic of Moldova or deliver the produced goods to other FEZ residents for goods to be exported are entitled to a 50% exemption of corporate income tax (CIT) payment[60]; and (v) the income obtained from exports of goods and services originating from the FEZ to outside the customs territory of the Republic of Moldova or from supply of the produced goods to other FEZ residents for goods to be exported is CIT exempted for a period of three years (five years), provided the FEZ residents invested a capital equivalent of at least US$1 million (US$5 million) in fixed assets of their enterprises and/or in the development of infrastructure of the FEZ. In addition, investors in FEZs are guaranteed and protected against changes in legislation for a period of up to 10 years.

3.89. The following types of activities may be carried out in FEZs: industrial production of goods for export (apart from ethylic alcohol and alcohol products); sorting, packing, labelling and other similar operations for goods which transit through Moldovan customs territory; other auxiliary activities (e.g. utility services, warehousing, construction, catering); external commercial activity (i.e. wholesale of goods imported into FEZ outside the Republic of Moldova and offered for export). Each type of activity within FEZ is subject to a separate time-limited authorization issued by the FEZ Administration.

3.90. As of 31 December 2014, investments in FEZs amounted to US$212 million, with 161 residents registered. The number of employees working in the FEZs as at the end of 2014 reached 6,620 people. In 2014, 95.7% of the total volume of goods produced and services provided in FEZs was industrial. In 2014, 79.1% of the goods and services produced in the FEZs were exported, i.e. US$215 million or 9.2% of Moldovan exports.

3.91. The Republic of Moldova has nine industrial parks. An industrial park is a defined area with technical and production infrastructure, where certain economic activities are carried out (mainly industrial production, services provision implementation of scientific researches and/or technological development) under a specific facilities regime, for the purpose of capitalizing human and material potential of the respective region.[61] Industrial parks may be established upon the initiative of central and local public administration bodies, state and municipality enterprises, and commercial institutions. Initiators of industrial park establishments shall create a company with public or public-private capital, or shall transfer the public property assets, meant for the establishment of the industrial park, to an enterprise selected through a tender on the public-private partnership basis.[62] The Industrial Park title shall be granted for a period of 30 years.

3.92. Holders of industrial park titles and its residents can benefit, *inter alia*, of the following incentives: (i) payment exemption to compensate losses incurred due to the exclusion of land from the category of land with agricultural destination; (ii) free of charge alienation or transfer into commodatum of the administrator-enterprise's public property assets for the establishment and development of the industrial park, upon the decision of the owner of such assets; (iii) the right to privatize the public property land associated with constructions, at the land normative price, set at the moment when such land is transferred into use to the administrator-enterprise or is leased to the residents of the industrial park; (iv) fiscal facilities in compliance with the Tax Code; (v) the possibility for the administrator-enterprise to apply the diminution coefficient down to 0.3 of the tariff set for the annual lease payment for the public property land; (vi) optimization of state control over the activity of the industrial park residents; and (vii) allocation, as the case may be, of financial means for establishing technical and production infrastructure.

[59] Law on Free Economic Zones No. 440-XV of 27 July 2001.
[60] For other cases, a 75% exemption of the CIT applies.
[61] Law on Industrial Parks No. 182 of 15 July 2010.
[62] This enterprise may obtain, through a Government Decision, the title of Industrial Park, becoming the Administrator of the Industrial Park, and with the right to carry out entrepreneurship activities.

3.93. Since the establishment of industrial parks and up to March 2015, total investments under this scheme amounted to some US$45.9 million, with 44 enterprises as residents and 1,450 employees.

3.4 Measures Affecting Production and Trade

3.4.1 Incentives

3.94. Enterprises registered in the Republic of Moldova (local and foreign), different from those established in FEZs and/or industrial parks (section 3.3.5), benefit from certain incentives (e.g. reduction of the taxable income and other tax deductions) in accordance with the Tax Code and other fiscal legislation.[63]

3.95. Enterprises deriving over 50% of their income from the sale of their own developed software were exempted from income tax for a period of five years until 2012 when this incentive was eliminated.[64]

3.96. 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 with the first fiscal period after the fiscal period when the taxable income was recorded. Until the expiration of the Law on Free International Port "Giurgiulesti" they are also entitled to 50% of corporate tax exemption.[65]

3.4.2 State trading, state-owned enterprises, and privatization

3.97. The Republic of Moldova has notified the WTO that it does not have state-trading enterprises as defined in GATT Article XVII and the Understanding on the Interpretation of Article XVII (Table 2.1).

3.98. The privatization process in the Republic of Moldova began in 1993 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 sectors. 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.

3.99. New provisions concerning privatization were approved in 2007 under the Law on Public Property Management and Privatization. The implementation of this law has marked the beginning of a new stage in the privatization process, characterized by widening the types of enterprises subject to privatization, also including those in infrastructure; diversification of the privatization methods, as well as shifting the privatization deals to the capital market and restructuring privatized enterprises. Under such law, the Public Property Agency (PPA) is the authority responsible for the management and privatization of public property, and post-privatization activity. It also exercises the functions of owner of state property.

3.100. The main privatization methods are: outcry and discount auctions organized by PPA; securities sold on the Stock Exchange; and commercial and investment contests. Under commercial and investment contests participants make their offers according to the information published by PPA about state assets proposed for privatization, and a special commission analyzes the offers together with the bidders and awards the specific asset to the bidder that made the best offer. The difference between these two methods is that in the case of an investment contest the winning bidder has the obligation to make a minimum volume of investments in a specified amount of time, while in the case of commercial contest the key factor is the price offered.

3.101. A new legal framework for Public-Private Partnerships (PPPs) was approved in 2008. It includes the Law on Public-Private Partnerships, the Law on Concessions, and secondary legislation

[63] Enterprises that increase the average number of employees in the current fiscal year over the previous year have the right to reduce the taxable income by a certain amount (calculated by multiplying the average annual wage in the Republic of Moldova with the increased number of employees).

[64] This incentive was eliminated by Law No. 267 of 23 December 2011.

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

such as the Regulation on standard procedures and conditions for selecting the private partner[66], and recommendations on amending and supplementing risk-sharing projects.[67] There is also a Practical Handbook for the implementation of PPP projects and concessions (PPP Manual) and a PPP guide.

3.102. As of 31 December 2014, there were 363 state-owned enterprises (SOEs)[68], down from 551 at the end of 2001.[69] The State retains a majority holding in 71 JSC with state ownership. Some of the most important SOEs are listed in Table 3.6.

Table 3.6 Selected state-owned enterprises, 2015

SOE	Activity	State ownership (%)
Air Moldova	Air transport	100
Moldovan Railways (Caleaferata din Moldova)	Rail transport	100
JSC Termoelectrica	Electricity	100
JSC Electric thermal power plant North	Electricity	100
JSC Power Distribution Networks North	Electricity	100
JSC Power Distribution Networks North-West	Electricity	100
JSC Modtelecom	Telecommunications	100
JSC Tutun CTC	Tobacco plant	90.8
Nodul Hidroenergetic Costesti	Hydropower plant	100
Fabrica de sticla din Chisinau	Glass	100
JSC Barza Alba	Alcoholic beverages	100

Source: Information provided by the Moldovan authorities.

3.4.3 Competition policy, state aid, consumer protection, and price controls

3.103. The domestic competition legal framework, formed by the Law on Competition[70] and the Law on State Aid[71], aims to maintain a competitive market and is particularly intended to transpose EU provisions into national law.[72] 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); procedures for investigating anticompetitive practices; merger authorization procedure; conditions for exemption of anti-competitive agreements; determination of sanctions for violations; and conditions of application of the leniency policy.

3.104. The Competition Council (CC), previously the National Agency for Protection of Competition (NAPC), was established in 2012 as an autonomous public authority, liable to the Parliament, with the aim to ensure observance of the enforcement of competition and state-aid legislation. It can initiate the examination of any alleged breaches of competition legislation, by its own motion or at the request of any individual or enterprise affected by the alleged infringement. The CC is responsible for conducting the fact-finding process and for issuing a first-instance ruling. Upon violation of the Law, the CC is entitled to request termination of the infringement to prescribe behavioural or structural remedies and/or apply fine. Table 3.7 shows the competition cases investigated during 2008-14.

[66] Government Decision No. 476 of 4 July 2012.
[67] Order by the Ministry of Economy No. 143 of 2 August 2013.
[68] These were 250 state enterprises and 113 joint-stock companies (JSC) with state ownership.
[69] These were 308 state enterprises and 243 JSC with state ownership.
[70] Law on Competition No. 183 of 11 July 2012. Six regulations, approved during 2013-15, constitute the secondary legislation supporting the implementation of the Law on Competition.
[71] Law on State Aid No. 139 of 15 June 2012. Some 21 regulations, approved in 2013-14, constitute the secondary legislation supporting the implementation of the Law on State-Aid.
[72] The first national regulations related to competition appeared at the beginning of the 1990s, alongside with the adoption of the Decision of the Government SSR Moldova No. 2 of 1991 on urgent measures to de-monopolizing the national economy, which declared the development of the competition principle and repression of monopolist activity as one of the fundamental directions of the economy. Subsequently, Law No. 906 of 1992 on the restriction of monopolist activity and on competition development was approved. The principle of free competition and protection of fair competition is stated in the 1994 Constitution. In 2000, the Parliament adopted another law on competition protection, without expressly repealing Law No. 906 of 1992.

3.105. While the Republic of Moldova has established a functioning market economy, the State continues to provide aid on economic or social grounds. In addition to direct costs to the budget, there are indirect costs as a result of forgone revenues, associated with, for example, tax exemptions. The Law on State Aid entered into force in August 2013. It sets out the methods of authorizing, monitoring and reporting state aid granted to individuals and legal entities in all areas of the national economy, except agriculture, in order to maintain a normal competitive environment. Any state aid is offered subject to preliminary approval of the CC, with the exceptions provided by the State Aid Law No. 139. Table 3.8 describes state-aid given during 2011-13.

Table 3.7 Competition investigations, 2008-14

(Number of cases)

	2008	2009	2010	2011	2012	2013	2014
Anticompetitive agreements	6	1	9	1	3	1	2
Abuse of dominant position	10	14	9	21	3	0	1
Research/State Control	8	4	0	7	0	6	9
Anticompetitive actions of public authorities	2	10	4	15	10	11	0
Unfair competition	12	13	14	11	16	1	5
In the field of advertising	11	11	7	4	1	0	3
Mergers and procurement	8	16	34	20	6	2	3
Associations	17	7	12	8	0	0	0
Total Investigated	**74**	**76**	**89**	**97**	**39**	**21**	**23**
Number of appeals	8	4	3	21	8	2	6
Decisions reversed on appeal	6	1	1	8	2	0	0
Total fines (MDL'000)	0	0	0	263.3	1,398.2	282.4	1,703.3

Source: Information provided by the Moldovan authorities.

Table 3.8 State Aid, 2011-13

	2011	2012	2013[a]
State Aid (€ '000)	260,573	310,008	237,105
Budgetary expenditures (%)	13.3	13.6	15.9
Foregone budget revenues (%)	86.7	86.4	84.1
State budget (%)	0.22	0.23	0.18
Share in GDP (%)	5.2	5.5	3.95

a Up to 16 August 2013.

Source: Information provided by the Moldovan authorities.

3.106. Consumer legislation contains provisions on the safety of consumers, liability of producers and sellers for breaches of law and their contractual obligations, procedure for concluding contracts, establishing the shelf-life of food and non-food products, replacement of products or reimbursement of their cost, etc. The Consumer Protection Agency (CPA) is the competent authority in this field. Recent amendments to the Moldovan competition legislation transposed certain provisions of EU legislation, e.g. concerning unfair business-to-customer commercial practices, and unfair terms in consumer contracts.[73]

3.107. In the Republic of Moldova, price regulation is carried at the sector level. The State usually intervenes in the formation of prices by limiting the trade mark-up. The Parliament approves legislative acts and action areas of State institutions with independent regulatory activity: the CC exercises state control over commodity markets to ensure market competition; while the National Agency for Energy Regulation (NAER) elaborates, approves methodologies, and sets tariffs for electricity, thermal energy and natural gas, as well as for public water supply, sewerage and waste water treatment.[74] NAER also elaborates and approves, after coordination with the government, the methodology for calculating and applying petroleum products prices. The government approves methodologies of calculation of regulated prices/tariffs (including the price formation

[73] Law No. 256 of 9 December 2011 on unfair terms in consumer contracts, and Law No. 105 of 13 March 2003 on consumer protection (Articles 13 and 14 about unfair commercial practices).

[74] NAER also approves tariffs for public water supply, sewerage and waste water treatment in cases provided for by Law No. 303 of 13 December 2013 on public water supply and sewerage.

mechanism for socially-important goods); approves tariffs; and controls the prices in some cases.[75]

3.108. The following products/services are subject to regulated prices:

a. petroleum products: NAER approves the methodology for calculating and applying the prices of petroleum products (diesel oil, gasoline and liquefied petroleum gas). It limits the business return at 10% of operational costs, including costs of imported petroleum products;

b. electric power, thermal energy, natural gas: NAER approves the methodologies for calculating the tariffs and determines the rates for services;

c. pharmaceutical products: capping trade margins (i.e. commercial addition) up to 40%;

d. current food demand (i.e. socially-important goods): limits on the return of the production of dairy and bakery products, capping trade margins (i.e. commercial addition) up to 10%, 20% and 40%;

e. utilities (i.e. electricity, thermal energy, natural gas supply, public water supply, sewerage and waste water treatment): fixed tariffs;

f. public transport: fixed tariffs (cost of travel tickets);

g. postage and telecommunications: fixed tariffs for national (through government acts) and international postal services (in accordance with bilateral agreements);

h. health: fixed tariffs through governmental acts; and

i. registry offices: fixed tariffs.

3.109. The CC supervises the prices/tariffs in situations of monopoly and dominant position on the market, as well as in cases where "cartel agreements" exist. The Consumer Protection Agency controls the overall correctness of prices/tariffs. When services are provided by a public institution, the rate is linked to the effectively borne costs and type of consumption (non-profit activity); State enterprises may include in the price a reasonable limit of return (i.e. entrepreneurial activity).

3.4.4 Intellectual property rights

3.110. The domestic legal framework on IPRs is basically contained in the following laws: Protection of Invention No. 50-XVI of 7 March 2008, in force since 4 October 2008; Protection of Trademarks No. 38-XVI of 29 February 2008, in force since 6 September 2008; Protection of Industrial Designs No. 161-XVI of 12 July 2007, in force since 1 December 2007; Protection of Plant Varieties No. 39-XVI of 29 February 2008, in force since 6 September 2008; Protection of Topographies of Integrated Circuits No. 655-XIV of 29 October 1999 (as amended by Laws Nos. 1446/2002, 469/2003, 205/2005 and 238/2008); Copyright and Neighbouring Rights No. 139 of 2 July 2010, in force since 1 January 2011; and Protection of Geographical Indications, Appellations of Origin and Traditional Specialties Guaranteed No. 66-XVI of 25 October 2008. The Republic of Moldova has notified its most recent IPR legal framework.[76] The Moldovan intellectual property legislation was reviewd by the WTO TRIPS Council in March 2002.[77]

[75] The Ministry of Economy develops the mechanism of price formation for socially-important goods (i.e. to meet current food demand needs); the Ministry of Health develops methodologies for calculating tariffs for medical services as well as pricing pharmaceutical and para-pharmaceutical products; the Ministry of Transport and Road Infrastructure develops methodologies to calculate tariffs for internal auto-transport services and railway services; the Ministry of Telecommunications and Information Technology develops methodologies to calculate tariffs for postal services.

[76] See for example WTO document IP/N/1/MDA/2, 30 October 2013.

[77] WTO document IP/Q-Q4/MDA1 of 17 May 2004 contains the introductory statement made by the authorities, as well as the questions posed and answers given during the review.

3.111. The Republic of Moldova is a signatory to 26 international and 7 CIS IPR treaties and agreements (Table 3.9), and cooperates with more than 30 IP offices around the world.

Table 3.9 Membership in international agreements, conventions, and treaties, 2015

Name of Convention, Agreement or Treaty	Date of entry into force for Moldova
Universal Copyright Convention (1952)	23 September 1997
Convention Establishing the World Intellectual Property Organisation (1967)	25 December 1991
Paris Convention for the Protection of Industrial Property (1883)	25 December 1991
Madrid Agreement Concerning the International Registration of Marks (1891)	25 December 1991
Patent Cooperation Treaty (PCT) (1970)	25 December 1991
Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure (1977)	25 December 1991
Nairobi Treaty on the Protection of the Olympic Symbol (1981)	25 December 1991
Hague Agreement Concerning the International Deposit of Industrial Designs (1925)	14 March 1994
Berne Convention for the Protection of Literary and Artistic Works (1886)	2 November 1995
Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations (1961)	5 December 1995
Trademark Law Treaty (TLT) (1994)	1 August 1996
Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (1989)	1 December 1997
Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks (1957)	1 December 1997
Locarno Agreement Establishing an International Classification for Industrial Designs (1968)	1 December 1997
Vienna Agreement Establishing an International Classification of the Figurative Elements of Marks (1973)	1 December 1997
Strasbourg Agreement Concerning the International Patent Classification (1971)	1 September 1998
International Convention for the Protection of New Varieties of Plants (1961)	28 October 1998
Convention for the Protection of Producers of Phonograms Against Unauthorized Duplication of their Phonograms (1971)	17 July 2000
Madrid Agreement for the Repression of False or Deceptive Indications of Source on Goods (1891)	5 April 2001
Lisbon Agreement for the Protection of Appellations of Origin and their International Registration (1958)	5 April 2001
WIPO Treaty on Copyright (1996)	6 March 2002
WIPO Performances and Phonograms Treaty (1996)	20 May 2002
Patent Law Treaty (PLT) (2000)	28 April 2005
Brussels Convention Relating to the Distribution of Programme-Carrying Signals Transmitted by Satellite (1974)	28 October 2008
Singapore Trademark Law Treaty (2006)	16 March 2009
WTO Agreement on TRIPS (1994)	26 July 2001
Agreements in the Field of Intellectual Property Signed by the Republic of Moldova within the Commonwealth of Independent States (CIS)	
Eurasian Patent Convention (1994)[a]	16 February 1996
Agreement on Cooperation in the Field of Protection of Copyright and Related Rights (1993)	25 November 1998
Agreement on Cooperation for the Prevention of Intellectual Property Rights Infringements (1998)	20 November 2001
Agreement on Mutual Securing of Interstate Secrets in the Field of Legal Protection of Inventions (1999)	3 January 2002
Agreement on Measures to Prevent and Terminate the Use of False Trademarks and Geographical Indications (1999)	3 January 2002
Agreement on the Production of Joint CIS Regional Patent Information Product on CD-ROMs (2001)	22 May 2001
Decision of CIS Governments Concerning the Customs Regulations on the passage through the border of goods containing intellectual property objects (2001)	29 August 2002

a The Eurasian Patent Convention was denounced by Moldova under Law No. 78 of 21 April 2011.

Source: AGEPI (2012), *Protection of Intellectual Property in the Republic of Moldova*, Chisinau.

3.112. The legal framework is being amended in order to harmonize it with the EU *acquis* in line with the National Intellectual Property Strategy (NIPS) 2012-20, the NIPS Action Plan 2012-14[78], and the Association Agreement between the EU and the Republic of Moldova (Title V Chapter 9 on IPRs).

3.113. The Republic of Moldova's main IPR objective is to ensure a level of protection similar to that in the EU, including effective means of enforcement. At the same time, the NIPS aims at the "development and strengthening of a legal, institutional and social framework adequate for the

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

creation, protection, management and plenary exploitation of intellectual property potential, to meet the international standards and contribute to the development of a competitive national economy based on knowledge and innovation."[79]

3.114. Some of the key IPR challenges identified by the NIPS are: "insufficient use of the intellectual creation and innovative activity, which is the foundation of a competitive knowledge-based economy; high level of piracy and counterfeiting, which poses a major threat to the economic security of the country and the health of local consumers; poor involvement of the holders of intellectual property objects (IPO) in the IPR protection actions, which considerably reduces the effectiveness of application of IPR protection measures; extremely reduced utilization of IP potential by the small and medium-sized enterprises (SME); the large number of cases of unfair competition and submission of ill-intended IPO registration applications; the insufficient level of culture in the IP field; and lack of transparency in the activity of the organizations for collective management of copyright and related rights."[80]

3.115. 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.[81] Its main responsibilities include: granting IP rights, formulation of IP policy, elaboration and development of IP legislation, observance of the implementation of national legislation and international agreements, and IP education and training.

3.116. 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.[82]

3.117. The key features of the Republic of Moldova's IPRs regime are summarized in Table 3.10.

Table 3.10 Main features of the IPR regime

Intellectual Property Right	Patents	Trademarks	Industrial Designs	Geographical Indications	Copyrights	Related Rights
Object of protection	A new process or product	A distinctive sign	Appearance of a product or part thereof	Geographical name designating a product whose specific quality, reputation or other characteristics can be attributed to geographical origin	Literary artistic and scientific works	Performances, phonograms videograms, broadcasts of broadcasting organizations
Term of protection	20 years[a]	10 years with unlimited possibility of renewal	Maximum 25 years from the filing date	Unlimited provided that the special characteristics are preserved	Throughout the lifetime of the author and for 70 years after his death	50 years as from the date of the performance, printing or broadcasting

[79] Government Decision No. 880 of 22 November 2012.
[80] Government Decision No. 880 of 22 November 2012.
[81] Law No. 114 of 3 July 2014 on the State Agency on Intellectual Property, published in Monitorul Official No 282-289 of 26 September 2014.
[82] 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 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.

Intellectual Property Right	Patents	Trademarks	Industrial Designs	Geographical Indications	Copyrights	Related Rights
How to obtain protection	By registration	By registration	By registration[b]	By registration	Appears automatically with the creation of the work	Appears automatically with the creation of objects
Who can get protection	Any natural or legal person	Any natural or legal person	Author and/or his successor in tittle	A group acting in the delimited area, regardless of the legal form of organization	Author and/or right holder	Performers, phonogram producers, videogram producers and broadcasting organizations
The rights conferred	Exclusive right	Exclusive right	Exclusive right	Right of use	Exclusive moral[c] and economic rights	Exclusive moral and economic rights

a The term of a short-term patent for invention is 6 years with the possibility of extension for a period not exceeding 4 years.
b An unregistered industrial design is protected for a period of three years from the date on which it was made available to the public for the first time in the Republic of Moldova.
c Moral rights are imprescriptible even if the author assigns his economic rights.

Source: State Agency on Intellectual Property (2014), *National Report 2013 on the enforcement of Intellectual Property Rights in the Republic of Moldova*, Chisinau.

3.118. Table 3.11 shows the applications/registrations during 2008-14 for various industrial property objects, led by trademarks (84% and 86% of total applications and registrations in 2014, respectively), followed by industrial designs, and inventions (including short-term patents). About 27% of applications were filed by national applicants, the remaining 73% by 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.

Table 3.11 Application / registration of intellectual property objects, 2008-14

	2008	2009	2010	2011	2012	2013	2014
Applications							
Patents	292	141	143	108	115	96	139
Short-term patents	68	198	201	182	175	213	158
Plant varieties	32	10	18	18	34	43	34
Industrial designs	384	276	289	280	300	381	318
Layout designs of integrated circuits	0	0	0	0	0	0	0
Trade marks	6,808	5,277	5,454	5,794	5,449	5,870	5,511
Geographical indications	0	0	3,136	0	4	0	358
Appellations of origin	3	4	6	2	7	14	25
Registrations							
Patents	250	290	132	63	51	61	54
Short-term patents	24	43	184	158	133	123	134
Plant varieties	12	17	25	15	20	25	29
Industrial designs	389	297	254	251	229	281	276
Layout designs of integrated circuits	0	0	0	0	0	0	0
Trade marks	5,795	5,017	4,487	4,451	3,954	4,250	5,399
Geographical indications	0	0	3,136	0	0	4	357
Appellations of origin	16	3	4	6	6	7	19

Source: Information provided by the Moldovan authorities.

3.119. 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.

3.120. The Board of Appeals, under AGEPI, is a specialized body for the extrajudicial settlement of appeals filed against decisions of registration/patenting or rejection of applications for registration/patenting of IPOs. 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 legislative acts in the field of intellectual property and the law of civil procedure.

3.121. Disputes involving IPOs 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 canceled, respectively, 36% of contested ones or 3.9% of the total of adopted ones.

3.122. 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 this Board is being drafted by AGEPI.

3.123. 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 public access to legal information and case law in this area, AGEPI initiated in 2007 the publication on its website[83] of court decisions and judgments on intellectual property cases. As at the end of 2014 their total number reached 423, of which 312 (74%) refer to trademarks, 71 (17%) to copyright and related rights, 21 (5%) to inventions, and 19 (4.5%) to industrial designs.

3.124. Depending on the gravity of the action, liability (contravention, criminal) for the infringement of rights on IPOs can be in the form of: fine for natural and legal persons ranging from MDL 160-200,000; community service for 180 to 240 hours; deprivation of the right to practice certain activities for 1 to 5 years; and imprisonment for up to 5 years.[84]

3.125. In 2014, the Customs Service registered 30 detentions of goods suspected of being counterfeit (up from 9 in 2009), 90% of which were mobile phones and accessories. In 2014, the MIA General Police Inspectorate registered and processed 82 complaints on infringement of IPRs (against 33 in 2010), which resulted in seizure reports on counterfeit/pirated goods with a total value of MDL 1.6 million. On the basis of instituted contravention cases, in 2014 fines amounted to MDL 168,000. In 2014, the Competition Council (CC) initiated 3 IPR-related cases.[85] In 2014, the Prosecutor's General Office carried out criminal prosecution in 32 IPR cases.

[83] Viewed at: http://agepi.gov.md/md/practice/decisions/.

[84] Detailed information on legal provisions on enforcement of IPR rights can be found at: http://agepi.gov.md/md/legislation/national.php.

[85] During 2007-12, the Administrative Council of the National Agency for the Protection of Competition (now CC) instituted 32 cases on signs of violation of the legislation on the protection of competition involving IPRs. AGEPI (2014).

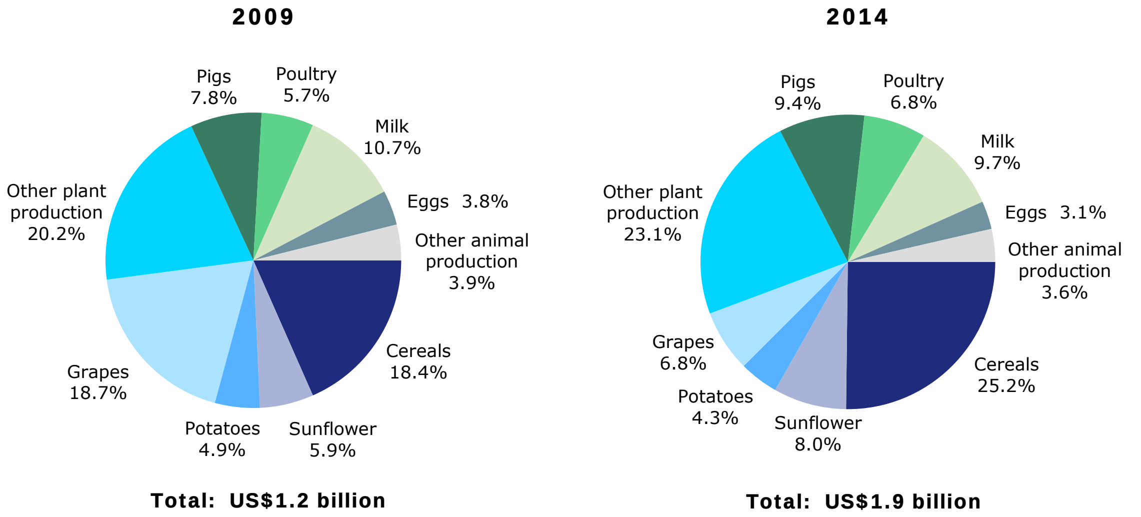
4 TRADE POLICIES BY SECTOR

4.1 Agriculture

4.1.1 Overview

4.1. With farm land representing some 73.8% of the Republic of Moldova's total land area, the agriculture sector has traditionally been an important pillar of the Moldovan economy. Agriculture output was generally on the rise during the review period, except for a drought-related contraction in 2012. Agriculture accounted for 12.8% of GDP and 30.5% of employment in 2014, against 8.5% and 28.2%, respectively, in 2009.[1] The crops and livestock segments continued to dominate agriculture output, whereas forestry and fisheries continued to make minor contributions to GDP throughout 2009-2014. The main farming activities were viticulture, horticulture, and cereal and sunflower production (Chart 4.1). The Republic of Moldova is a net exporter of agriculture and food products, which accounted for 46.2% of total export earnings in 2014. The main export categories are wine and spirits, (fresh and processed) fruit and vegetables, cereals and oil seeds.

Chart 4.1 Agricultural output by main categories, 2009 and 2014



Note: Figures for 2014 are preliminary estimates.

Source: Statistical Yearbook of the Republic of Moldova (2013) and data provided by the authorities.

4.2. Notwithstanding the considerable potential of the Republic of Moldova's fertile soils, the agriculture sector's productivity is hampered by, *inter alia*,: infrastructure deficiencies, particularly in rural areas; the limited coverage and poor condition of irrigation systems; a weak SPS framework; and a declining and ageing rural labour force. Vulnerability to adverse climatic conditions and soil erosion also remains a major limiting factor.

4.3. The Republic of Moldova completed land privatization in the 1990s; in 2011, there were over 900,000 title holders with an average landholding of 2.49 hectares. Land fragmentation continues to hamper the competitiveness of Moldovan agriculture, as it limits the possibilities to exploit economies of scale and discourages investment in mechanisation. There are no restrictions on land transactions among Moldovan citizens and Moldovan legal entities; foreign investors may lease agricultural land for up to 99 years.[2]

4.4. The main objectives of the Republic of Moldova's agricultural policy are to ensure domestic food security and to foster sustainable growth of the agro-industrial sector by increasing

[1] The combined contribution of agriculture and food processing to Moldovan GDP was 17.1% in 2014, up from 16.7% in 2009.

[2] Law No. 198-XV of 15 May 2003.

competitiveness and productivity.[3] The Ministry of Agriculture and Food Industry (MAFI) has primary responsibility for policy formulation in the sector. MAFI is assisted by the following institutions: the National Food Safety Agency[4]; the Agency for Payment and Intervention in Agriculture[5]; the National Office of Vineyard and Wine[6]; and the Agricultural Information Centre.[7] The main laws and regulations governing agriculture are presented in Table A2.1.

4.1.2 Border measures

4.5. 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 (Table 3.1). Tariff protection remains highest for sugar (75%), followed by animals and animal products (averaging 16.2%) (Table A3.1). The Republic of Moldova applies seasonal tariffs to 14 lines (e.g. certain types of potatoes, tomatoes, cucumbers, grapes and other fruits), and tariff rate quotas on imports of sugar (section 3.1.4.1). Certain agricultural products are also subject to import licensing requirements (section 3.1.5). The authorities affirm that no taxes or licensing requirements apply to agricultural exports.

4.6. In 2004, the Republic of Moldova introduced a definitive safeguard measure on sugar imports which expired on 31 December 2012 (section 3.1.6).

4.1.3 Domestic measures

4.7. According to the notification submitted by the Republic of Moldova to the WTO, non-product specific domestic support in agriculture was below the *de minimis* threshold (5%) in 2009-10 and zero in 2011-13. Between 2009 and 2013, budgetary outlays on "Green Box" measures were in the range of SDR21.3 million to SDR37.8 million[8]; according to the authorities, the exchange rates used for the conversion into SDR were those published by the International Monetary Fund. The Republic of Moldova has also notified the Committee on Agriculture that it had not subsidized exports of agricultural products during 2002-2014.[9]

4.8. After the Republic of Moldova's independence in 1991, financial support provided by the State to the agricultural sector followed various policy directions, targeting, *inter alia*, specific activities, particular crops (tobacco, sugar beet, fruits), and lending to farmers. The system of subsidies allocation was decentralized, with funds being granted through several Ministries and State institutions, and difficult to manage. As from 2010, the Agency for Interventions and Payment in Agriculture (AIPA) is the public authority in charge of managing disbursements from a centralized subsidy fund to agricultural producers, as well as controlling their compliance with relevant conditions.[10] Budgetary outlays for the centralized subsidy fund are approved annually by a Government decision[11]; actual disbursements from the fund depend on farmers' requests. According to the authorities, the types of State-funded support measures have remained stable during 2011-14 (Table 4.1).

[3] To this end, the Republic of Moldova has adopted: a National Strategy for Sustainable Development of the Agro-Industrial Complex, 2008-2015 (Government Decision No. 282 of 11 March 2008); a National Strategy for Food Security, 2011–2015 (Government Decision No. 747 of 3 October 2011); a National Strategy on Agriculture and Rural Development, 2014-2020 (Government Decision No. 409 of 4 June 2014); and a Strategy for the Development of Rural Extension Services in the Republic of Moldova, 2012–2022 (Government Decision No. 486 of 4 July 2015).

[4] Law No. 113 of 18 May 2012.

[5] Government Decision No. 60 of 4 February 2010.

[6] Government Decision No. 725 of 16 September 2013.

[7] Government Decision No. 638 of 29 August 2012.

[8] WTO document G/AG/N/MDA/3, 15 January 2015.

[9] WTO document G/AG/N/MDA/4, 1 June 2015.

[10] AIPA has 10 regional offices throughout the Republic of Moldova.

[11] Total budgetary outlays for agriculture support were kept at MDL 400 million during 2010-12; higher amounts were set in 2009 (MDL 563.5 million) and 2013 (MDL 462.8 million).

Table 4.1 Agricultural support measures, 2011-14

Objective	Description	2011-2014	
		Total beneficiaries	Total disbursements (million MDL)
1 Stimulating farmers' access to finance	Partial compensation of the interest due on agricultural loans provided by financial institutions, including savings and loan associations. Limits: up to €5,300 per beneficiary (up to €10,800 for those practising ecological agriculture).	2,305	99.0
2 Stimulating insurance of production risks in agriculture	Compensation of up to 50% of the cost of premiums for crops and livestock insurance	473	123.1
3 Deforesting of multiannual plantations, and promoting fruit and wine growing	Support of activities in fruit-growing, wine-growing and aromatic crops-growing plantations (including installation of antifreeze and anti-hail systems). Limits: from €540 to €4,300 per hectare	2,168	298.3
4 Stimulating investments in the production of vegetables on protected land (winter greenhouses, solariums, tunnels)	Amount of support: 60% of the cost of construction materials, machinery and equipment bought and installed (75% for producers' groups; an additional 10% for young farmers).	551	82.3
5 Stimulating investments in agricultural machinery and irrigation equipment	Amount of support: 25% of the unit cost of equipment purchased but not exceeding €40,540 per beneficiary; 50 % of the cost of irrigation systems.	5,872	524.3
6 Stimulating investments in infrastructure and technological renovation of livestock farms	Compensation of the cost of technological equipment, construction materials and design, as follows: 60% for cattle breeding farms; and 50% for sheep/goat breeding farms. Young farmers are eligible for an additional 10%.	254	92.2
7 Stimulating the purchase of breeding cattle and maintaining the genetic fund	Compensation ranging from €2/kg to €6/kg of the purchased animal's weight.	162	99.9
8 Stimulating investments in post-harvesting and processing facilities	Compensation of up to 50% of the cost of technological and facilities equipment (but not exceeding €240,000 per beneficiary) purchased and installed for refrigeration, drying and freezing of fruits and vegetables; and primary processing of meat, cereals and oleaginous plants, sunflower and soy beans.	677	258.9
9 Stimulating agricultural land consolidation	Compensation of 50% of the fees and charges incurred for: notarial authentication of contracts (up to €22 per transaction); and cadastral works (up to €27 per plot when consolidating up to 10 plots; up to €16 per plot when consolidating more than 10 plots).	75	79.0
10 Stimulating agricultural land irrigation	Compensation of up to 80% of the power costs incurred to re-pump water (two or more times) from a centralized irrigation system.	75	4.1

Source: Ministry of Agriculture and Food Industry.

4.9. The Republic of Moldova does not impose any restrictions on the domestic distribution of agricultural products, but regulates the maximum price mark-ups at which certain socially important products may be marketed as follows: products intended for processing, up to 40%;

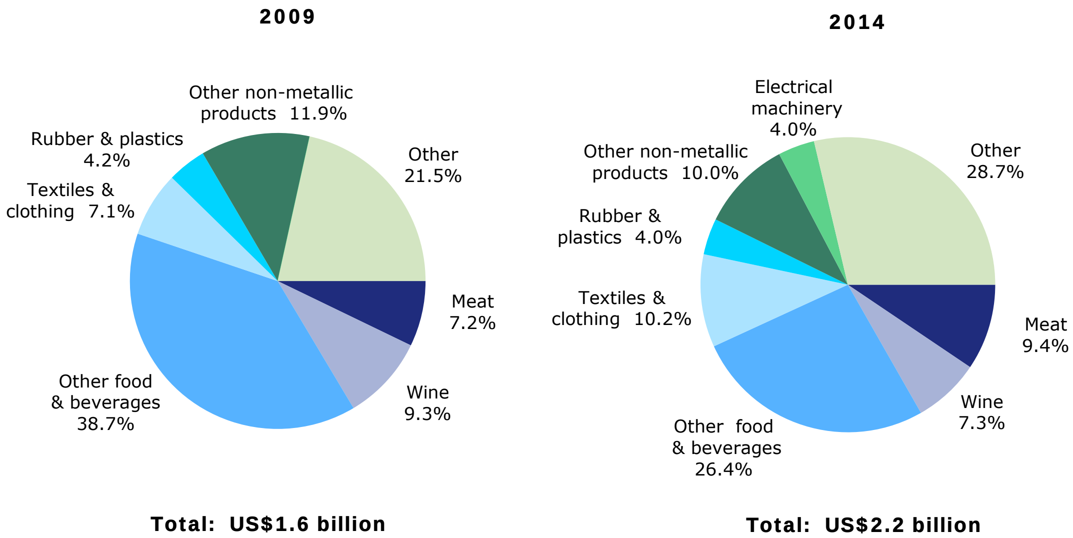
final products (except bread), up to 20%; and bread, up to 10%.[12] The list of products subject to regulated prices includes bread, dairy products (butter, cheese and cream), canned fruit and vegetables, juices for kids, sugar (except that in packages of up to 5 grams), wheat flour, rice, buckwheat, and oat flakes (section 3.4.3). Certain agriculture products are subject to VAT at a reduced rate (section 3.1.4.4).

4.10. In 2009, the Republic of Moldova created a State Cereals Reserve to guard against possible market shortages and to ensure the nation's food security.[13] The relevant reserve stocks are established and managed by Government decisions; stock replenishment is done at market prices and on competitive terms. According to the authorities, the size of the reserve stocks (some 60,000 tonnes) is too small to influence prices on the Moldovan market. A severe drought in 2012 prompted the Government to make available 31,940 tonnes of wheat from the Reserve in the form of an in-kind loan to bakeries in order to prevent a surge in bread prices; beneficiaries had to restore the quantity received within 4-5 months.[14]

4.2 Manufacturing

4.11. Manufacturing output increased by approximately 38% in nominal terms between 2009 and 2014, mostly driven by steady growth in the meat processing, electrical machinery, rubber and plastics, and textiles and clothing segments (Chart 4.2). The sector's contribution to GDP was estimated at 11.7% in 2014, up from 10.6% in 2009. The Republic of Moldova remained a net importer of manufactures throughout the review period, with a widening trade deficit attributable mainly to sustained dynamism in imports of machinery and transport equipment, and chemicals.

Chart 4.2 Structure of manufacturing production, 2009 and 2014



Source: Statistical yearbook of the Republic of Moldova 2013; and data provided by the authorities.

4.12. State participation in the manufacturing sector is rather modest; State-linked companies (fully and partially-owned) accounted for 3.8% of all active enterprises and 9.9% of total manufacturing output in 2013. The food and beverage industries dominate manufacturing activity in the Republic of Moldova, accounting for over 43% of the sector's output and 45.1% of all exports of industrial products in 2014. The authorities estimate that about 50% of the beverage industry's total sales were realized abroad; the corresponding figure for the food industry was 27%.

4.13. Notwithstanding its strong recent performance, Moldovan manufacturing continues to face international competitiveness challenges due to, *inter alia*, limited access to financing, nearly

[12] Law No. 231 of 23 September 2010.
[13] Government Decision No. 128 of 10 February 2009.
[14] Government Decision No. 151 of 26 February 2013.

depreciated fixed assets, high energy costs, and low levels of innovation and adoption of new technologies.

4.14. 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% (Table A3.1), 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 (section 3.1.4.1).

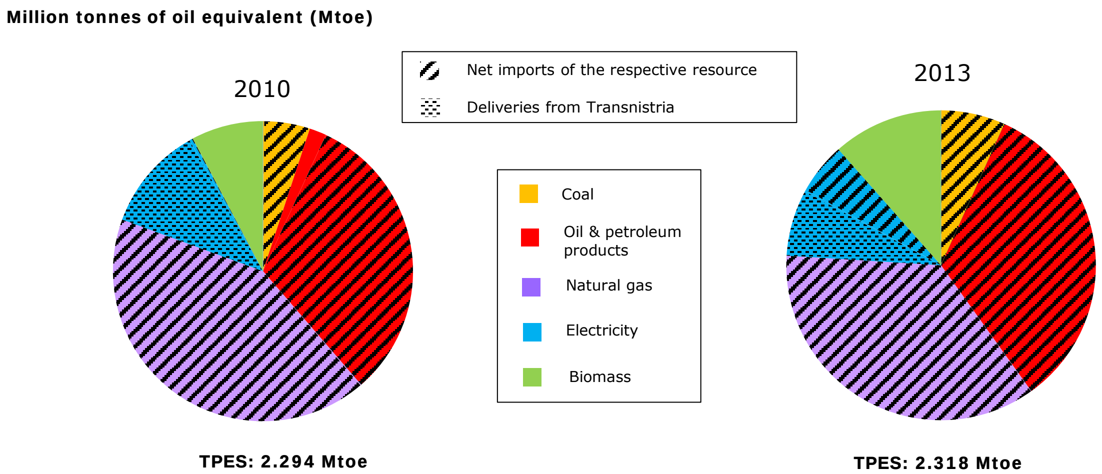
4.15. Domestic support to the manufacturing sector mainly takes the form of incentives granted within industrial parks and free economic zones (section 3.3.5). The Moldovan public procurement regime does not stipulate any preference margins for local manufacturers.

4.3 Energy

4.3.1 General features

4.16. The Moldovan energy market is small and fragmented, as the relevant regulatory framework does not seem to apply in Transnistria. These considerations, coupled with limited potential for development and exploitation of untapped resources, make it difficult to attract private investments to the sector. The Republic of Moldova's energy needs are essentially met through imports (Chart 4.3). 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.

Chart 4.3 Total primary energy supply (TPES), 2010 and 2013



Note: Data coverage does not include Transnistria, except as a supplier to the rest of the Republic of Moldova.

Source: The Energy Balance of the Republic of Moldova (2014), viewed at: http://www.statistica.md/public/files/publicatii_electronice/balanta_energetica/BE_2014_eng.pdf.

4.17. Moldovan energy statistics for the review period present a number of gaps and inaccuracies. The Moldovan economy's energy intensity (TPES/GDP) was estimated at 0.89 in 2012, down from 0.97 in 2009. Despite the encouraging trend, the Republic of Moldova's energy efficiency performance was characterized as remaining among the worst in Europe.[15]

4.18. 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 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.[16]

4.19. 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 was at the final stage of parliamentary approval. According to the authorities, 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 been postponed until 1 January 2020.

4.20. Policy formulation in the energy sector is the responsibility of the Ministry of Economy. The National Agency for Energy Regulation (ANRE), established in 1997, is the sectoral regulator vested with statutory independence. ANRE's competences include licensing of operators across the domestic supply chain[17], adoption of transmission and distribution tariff methodologies, setting of regulated tariffs, and quality-of-supply monitoring. To fulfil its Energy Community commitments, the Republic of Moldova still needs to give ANRE authority to conduct market investigations, implement measures to ensure proper market functioning, and impose penalties to non-compliant companies in the gas and electricity segments.

4.21. ANRE approves the tariffs for: generation, transmission, and end-user supply of electricity; transmission, distribution, and end-user supply of natural gas; and generation and end-user supply of district heating. Feed-in tariffs for renewable energy are set by ANRE on a case-by-case basis, upon request from potential producers. The IMF has recommended an adjustment of utility tariffs to cost-recovery levels to avoid further accumulation of arrears and encourage investment in the sector.[18]

4.22. The Republic of Moldova's Energy Efficiency Agency (EEA)[19], established in 2011, assists in the implementation of national policies for the promotion of energy efficiency and renewable energy.[20] EEA's responsibilities include accrediting energy auditors and supporting the granting of project funding from public sources, including the State and municipal budgets, and the Energy Efficiency Fund[21] created in 2012. At end-2014, EEA had conducted 46 energy audits and authorized 40 energy auditors. According to the Energy Community Secretariat, notwithstanding some advances in establishing the institutional framework, the Republic of Moldova still fails to transpose the *acquis* on energy efficiency and renewable energy.[22]

4.3.2 Electricity

4.23. In 2014, the Republic of Moldova's total installed capacity was 3,008 MW, of which some 84% were attributable to a single thermal power plant located in Transnistria.[23] Total installed

[15] International Energy Agency online information. Viewed at: http://www.iea.org/country/map_indicators/index.html#.

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

[17] ANRE also issues import/export licences for refined petroleum products, whereas the cross-border trade in natural gas and electricity is not subject to licensing; exploration and exploitation licences for subsoil resources are outside ANRE's remit. In principle, no ownership or nationality restrictions are stipulated in the relevant licensing requirements.

[18] IMF (2014a).

[19] Government Decision No. 1173 of 21 December 2010.

[20] A National Energy Efficiency Action Plan (2013 – 2015) and a National Renewable Energy Action Plan (until 2020) were approved in February and December 2013, respectively.

[21] Government Decision No. 401 of 12 June 2012.

[22] Energy Community Secretariat (2014).

[23] Online information. Viewed at: http://www.mepiu.md/eng/energy-sector-1.html.

capacity outside Transnistria was 440 MW, with gas-fired power plants representing some 380 MW.[24] The predominantly thermal electricity generation system exacerbates the country's dependence on imports of hydrocarbons.

4.24. Electricity generated in Transnistria[25] accounted for 63.2% of domestic demand outside that region in 2014; another 18% was met by imports. The Republic of Moldova's grid is in urgent need of modernization; estimate the authorities that up to 70% of the existing network equipment is obsolete. Technical and commercial losses represented some 9.7% of gross electricity feed in 2014, down from 10.9% in 2013. Donors and government-to-government financing are the main sources of funding for infrastructure upgrades.

4.25. The Republic of Moldova used to import electricity mainly from Ukraine, but a supply shortage on the Ukrainian market prompted a switch to importing solely from Romania in November 2014. The existing infrastructure imposes capacity and other technical constraints at both borders. The Moldovan grid is in synchronous operation with that of Ukraine as a part of the integrated power system of most CIS countries; a joint application for integration into the European Network of Transmission System Operators for Electricity (ENTSO-E) dates from 2006. Interconnection capacities between the Republic of Moldova and Ukraine are not open to competitive access. The Moldovan and Romanian grids remain interconnected in island mode, with technical limitations that continue to raise concerns about consumer captivity and the reliability of supply.[26]

4.26. The electricity subsector comprises: a State-owned transmission system operator; three regional distribution and supply companies with public service obligations, two of which are State-owned; nine traders licensed to supply electricity at regulated tariffs, including a State-owned company (Energocom) with *de facto* monopoly on electricity imports from Ukraine; three regulated and ten non-regulated co-generation plants; and six privileged renewable energy producers.[27] According to the authorities, the State-owned enterprises in the subsector operate as self-sustaining business entities; they do not receive any State support.

4.27. While transmission system operations have been legally unbundled from generation and supply activities since 1997, the Republic of Moldova has yet to comply with EU directives on the unbundling of distribution from supply (Third Energy Package), and on system balancing. The right to choose electricity suppliers (purchase at unregulated prices) has been transposed in the domestic legislation, but its implementation has been held up by inappropriate distribution tariffs.[28] This delay prompted the Energy Community Secretariat to open an infringement proceeding against the Republic of Moldova in 2015.

4.28. The construction of new power plants is subject to Government authorisation whenever planned capacity exceeds 20 MW; below this threshold, building authorisations are granted by local authorities. All generation facilities must also obtain ANRE's approval; detailed authorization procedures, in accordance with the Energy Community *acquis*, are yet to be adopted.

4.3.3 Hydrocarbons

4.29. The Republic of Moldova is a net importer of hydrocarbons, mostly refined petroleum products and natural gas. Domestic reserves and production of oil and natural gas remain very modest[29]; no exploration activities are carried out at present. A single refinery with annual capacity of approximately 35,000 tonnes processes locally-extracted oil; its total output for 2014

[24] Energy Community Secretariat (2014).

[25] According to the authorities, electricity sales from Transnistria take place on the non-regulated market.

[26] The authorities plan to establish a synchronous interconnection with Romania, while continuing to operate asynchronously with ENTSO-E for a transition period of 15-20 years; the project would require the installation of three back-to-back stations in the Republic of Moldova.

[27] Transnistria's separate subsector is composed of: a publicly-owned transmission system operator (involved in the transport of Transnistrian-generated and Ukranian-generated electricity to the Republic of Moldova); a publicly-owned distribution and supply operator; two co-generation plants; and one publicly-owned hydro-power plant.

[28] Energy Community Secretariat (2014).

[29] Annual production of crude oil ranges between 10 and 16 thousand tonnes, and that of natural gas is between 150 and 250 thousand m^3.

was 248 tonnes of diesel fuel. Processing of imported crude oil has not proven to be commercially viable.

4.30. Importers of refined petroleum products must obtain a licence from ANRE; the licensing requirements include: at least 5,000 m^3 storage capacity (owned or leased) and equity of at least US$750,000. A separate licence is required for retail sales of petroleum products. In January 2015, there were 34 holders of import and wholesale licences, of which 10 were licensed only for liquefied gas; the corresponding figures for active retail sale licences were 151 and 71.

4.31. In principle, the refined petroleum products market is open to competition without any restrictions on foreign participation or any preferences for domestic production. While international price fluctuations are fully passed on to the domestic market (with a nine-month lag), the existing tariff-setting methodology caps retail companies' mark-ups at 10% of the wholesale price.

4.32. The Material Reserves Agency is required by law to maintain an emergency stock of petroleum products equal to 30 days of consumption, based on data from the previous year; no legal obligations of this kind apply to companies active in the subsector. The reserve stock may be used, *inter alia*, in the event of market disruptions. The Republic of Moldova has yet to harmonize the relevant release and reporting procedures with the Energy Community *acquis*.[30] The combined State and industry storage capacity for petroleum products is over 200,000 m^3; no storage facilities for natural gas exist in the Republic of Moldova.

4.33. Two systems of several parallel pipelines, with combined capacity of 35 billion m^3/year, ensure the Republic of Moldova's natural gas supply from the Russian Federation (though Ukraine) and serve as transit routes to several European countries. The gas market remains a *de facto* monopoly of the vertically-integrated company Moldovagaz, which owns most of the infrastructure and performs import, wholesale and retail supply, cross-border and national transmission, and distribution activities.[31] The supply of natural gas is governed by a contract concluded between Moldovagaz and the Russian company Gazprom; the applicable price is set annually, as a function of the prices for gasoil and fuel oil, and the price of natural gas exported by Gazprom to other European countries.[32] Besides Moldovagaz, in June 2015 there were nine independent distribution and trading companies with a combined market share of 2%. In 2014, losses in domestic transmission and distribution were 0.2% and 3.3%, respectively.

4.34. A natural gas interconnection with Romania (Iasi–Ungheni), constructed mostly with EU and Romanian Government funding, was inaugurated in August 2014; it is intended to help the Republic of Moldova diversify its supply and challenge Moldovagaz's monopoly. The Iasi–Ungheni pipeline is owned and operated by the State-owned company Vestmoldtransgaz[33]; the import of natural gas is governed by a contract signed by Energocom, another State-owned company (section 4.3.2).[34] Deliveries of natural gas to the Ungheni and Nisporeni districts (21 villages, some 10 thousand potential consumers) started in March 2015. To become commercially viable and operate near full capacity (1.5 billion m^3/year), the pipeline would need an extension (130 km) to Chisinau, the nearest major demand node; construction of a gas compressor station and auxiliary infrastructure in Romania would also be required.[35] Due to different pressure levels, the new pipeline would initially operate in island mode (unconnected to the existing infrastructure). Moreover, consumer switching may be hampered by the accumulated debts along the existing supply chain.

[30] Energy Community Secretariat (2014).

[31] Molodovagaz's shareholders are: the Russian company Gazprom (50%), the Republic of Moldova (35.33%), the Property Management Committee of Transnistria (13.44%), and physical persons (1.23%). As from 2005, the shares held by the Property Management Committee of Transnistria are managed by Gazprom (Viewed at: http://www.moldovagaz.md/menu/ru/about-company/mg-today).

[32] In 2014, Moldovagaz's debt to Gazprom amounted to more than US$5 billion; according to the authorities, some 87% of that amount was attributable to Transnistria.

[33] Government decision No. 501 of 1 July 2014.

[34] Energocom obtained a licence for natural gas supply (at non-regulated tariffs) in September 2014; in December 2014, it signed a contract with OMV Petrom Gaz SRL (Romania) for the delivery of approximately one million m^3.

[35] Online information. Viewed at: http://www.naturalgaseurope.com/iasi-ungheni-gas-interconnector.

4.4 Services

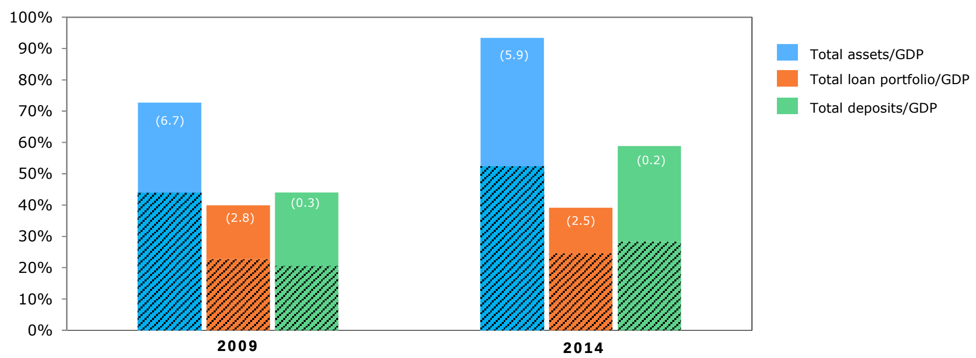
4.4.1 Financial services

4.35. The Moldovan financial system is still underdeveloped, with a particularly shallow non-bank segment, which hampers the domestic economy's growth. Financial intermediation, as reflected by the ratio of the overall credit portfolio to GDP, was some 39.2% in 2014, down from 39.9% in 2009 (Chart 4.4). Approximately half of total deposits and 40% of all loans remain foreign-currency denominated; both shares registered modest declines between 2009 and 2014. International development partners remain an important source of concessional funding for domestic credit expansion. A number of systemic weaknesses are yet to be addressed.

4.36. Banks continue to dominate the financial system, accounting for 93.7% of total assets, 93.5% of all loans and 99.3% of all deposits in 2014. Most remaining financial sector assets are almost evenly split between the insurance and microfinance sub-segments (approximately 3% each). 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).

4.37. Most loans remain short- to medium-term, with bank lending focused mainly in retail trade and non-bank institutions offering predominantly consumer and agriculture credits. Loans granted to municipal administrations and institutions financed from the State budget account for a negligible share of the total credit portfolio. In 2014, the share of non-performing in total loans was 11.7% for banks, 10.2% for microfinance institutions, and 4.4% for savings and credit associations. During 2009-14, interest rate spreads between deposits and loans were in the range of 4.9 to 8.7 percentage points (domestic currency) and 3.4 to 6.5 percentage points (foreign currency), recording a general decline after 2010.

Chart 4.4 Financial system indicators, 2009 and 2014



Note: Shaded areas indicate the respective foreign currency components. Figures in brackets indicate the part attributable to the non-banking segment.

Source: National Bank of Moldova and National Commission for Financial Markets.

4.38. 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. According to the authorities, the Association Agreement does not stipulate any GATS plus commitments in financial services. While the envisaged deadline is 1 September 2024, the authorities affirm their intention to transpose most provisions by 2017.

4.4.1.1 Banking

4.39. At end-December 2014, there were 14 active commercial banks in the Republic of Moldova, of which four were fully foreign-owned and the remaining 10 had some foreign participation; no representative offices of foreign banks were present. Foreign equity accounted for 77.6% of total authorized capital in the banking system, broadly the same as in 2009. The five largest banks accounted for 76.7% of total bank assets, with the biggest one's share standing at 20.6%.[36]

4.40. Foreign banks may enter the Moldovan market by establishing either a branch or a subsidiary; no foreign equity caps apply. Foreign banks may also open unlicensed representative offices, which are not allowed to conduct direct financial activity in the Republic of Moldova. Foreign payment services institutions may conduct business through a branch office in the Republic of Moldova.

4.41. The National Bank of Moldova (NBM) is in charge of licensing and prudential supervision in the banking segment; it also acts as the Government's fiscal agent on the Government securities market and authorises certain foreign exchange operations involving capital outflows from the Republic of Moldova (section 1.1). The NBM issues licences to commercial banks, payment services providers, and foreign exchange offices and bureaux (including those of hotels).

4.42. The licensing requirements for banks include minimum thresholds for tier one capital and risk-weighted capital adequacy; the respective thresholds were raised to MDL 200 million at end-December 2012 (from MDL 100 million in 2008) and 16% at end-July 2012 (from 12%).[37] As from October 2013, the NBM conducts a more thorough assessment of the fitness and properness of potential investors before authorizing the establishment of new banks and significant equity acquisitions in existing banks.[38] The licensing of payment service providers and currency exchange institutions[39] is subject to conditions on equity, risk management, and administrators. According to the authorities, the licensing requirements are of prudential nature, essentially aimed at ensuring the Moldovan financial system's integrity and stability, and apply uniformly to all institutions regulated by the NBM.[40]

4.43. The authorities affirm that the current prudential framework for banks is largely in line with the first generation of Basel Committee principles known as Basel I, which are less sophisticated than those set out in the second and third generations; efforts to implement Basel II/III are underway. As from January 2012, all licensed banks are required to comply with the financial reporting standards developed by the European Committee for Banking Supervision; as from April 2014, their consolidated annual reports must be based on the international financial reporting standards.

4.44. Notwithstanding steps taken to strengthen bank regulation and supervision overt the past ten years, the IMF has reiterated concerns about significant risks to systemic financial stability. The Fund's assessment has flagged weaknesses in the existing prudential and crisis management frameworks, as well as poor bank governance and the fragile condition of some large banks; the accuracy of reported bank performance indicators has also been questioned. The enforcement of regulatory requirements may still be undermined by inconsistencies in the legal framework, unclear division of responsibilities across institutions and inadequate legal protection of NBM staff for actions warranted in the execution of their official duties. In addition, the NBM continues to struggle with the identification of banks' exposures to related parties, for lack of effective tools to ensure bank ownership transparency.[41] Concerns over transparency and governance have also prompted the EBRD to reduce its financing of the Moldovan banking segment from over €40 million in 2010 to about €10 million in 2014.[42]

4.45. The NBM has granted lines of credit to some banks with a view to protecting the integrity of the banking system. A credit line in the amount of MDL 650 million was established for one licensed bank in 2009; the applicable interest rate was fixed at 0.01% and the loaned funds were guaranteed with Government securities. In the fourth quarter of 2014, the NBM provided

[36] According to the legislation in force, a bank is considered to be in a dominant position if its share in total bank assets exceeds 30%; this provision appears to be binding on any interventions of the Competition Council activities in the banking segment.

[37] National Bank of Moldova Decision No. 269 of 17 October 2001 and its subsequent amendments.

[38] National Bank of Moldova Decision No. 127 of 27 June 2013.

[39] Currency exchange must be the licensee's sole activity.

[40] The NBM's licensing decisions are notified within three months for banks, within two months for payment institutions, and within 15 working days for foreign exchange offices and bureaux.

[41] IMF (2014b).

[42] EBRD online information. Viewed at: http://www.ebrd.com/news/2015/ebrd-delegation-visits-moldova.html.

emergency short-term loans[43] to three banks and placed them under special administration for a nine-month period (extendable for another three months); the banks' credit activities were suspended. At the time of its intervention, the three banks accounted for 38.5% of total bank assets, 12.5% of total Tier I Capital, 10.3% of total bank credits, and 17.7% of total deposits from individuals. At end-December 2014, licensed banks' credit indebtedness to the NBM amounted to MDL 6,548.6 million, including short-term emergency credits (MDL 6,450 million), credits for the protection of the banking system's integrity (MDL 93.1 million), and credits for the construction of housing by cooperative societies (MDL 5.5 million).[44]

4.4.1.2 Non-bank savings and credit institutions (NBSCIs)

4.46. The National Commission for Financial Markets (NCFM) regulates and supervises most non-bank financial services segments, including NBSCIs, the securities market, the insurance market, non-State pension funds, and "credit history bureaux". The NCFM was established in August 2007 as the successor of the National Securities Commission, the State Inspection for Insurance and Non-State Pension Funds Supervision, and the State Supervisory Service of Savings and Loan Associations under the Ministry of Finance.[45]

4.47. The NCFM is in charge of licensing savings and credit associations (SCAs), as well as monitoring microfinance organizations (MFOs) for statistical purposes. Leasing activities remain neither licensed nor supervised. The authorities affirm that there are plans to bring both microcredit and leasing activities under stricter regulatory scrutiny by the NCFM. The Republic of Moldova does not have legislation for offshore financial institutions. Recent legislative developments include the adoption of amendments aimed at clarifying the mechanism for appealing the NCFM's regulatory and supervisory decisions.[46]

4.48. At end-2014, the NBSCIs under NCFM supervision comprised: 305 SCAs, including two central associations, and 101 microfinance organizations.[47] MFOs accounted for 85.2% of non-bank lending and 85.9% of NBSCI assets. The three largest MFOs (by assets) accounted for 34.2% of the total non-bank loan portfolio.

4.4.1.3 Securities market

4.49. 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) are yet to be implemented.[48] During the review period, over-the-counter (off-exchange) deals related to the privatisation process accounted for some 60% of all transactions. In 2014, the turnover and market capitalization of the Moldova Stock Exchange were MDL 708.6 million and MDL 4,570.8 million, respectively (broadly unchanged relative to 2009).[49] Foreign investments accounted for 56.6% of the volume traded between 2010 and 2014.

4.50. The Republic of Moldova has taken steps to align its legislation governing primary and secondary capital market activities with the EU legal framework. A new Capital Market Law, in force since September 2013, transposed most of the relevant EU directives, including the Markets in Financial Instruments Directive (2004/39/EC), and the Transparency for Listed Companies Directive (2004/109/EC).[50] An amendment to the Capital Market Law, aimed at strengthening the legal framework, was approved in July 2014[51]; IMF recommendations for the consolidation of

[43] The credit lines established for the three banks amounted to MDL 9,434.5 million, of which MDL 6,450 million were utilized in State-guaranteed loans at preferential interest rates.

[44] Loans for the financing of housing construction by cooperative societies have been granted to five licensed banks.

[45] Law No. 129-XVI of 7 June 2007.

[46] Law No. 136 of 3 July 2015.

[47] Neither SCAs nor MFOs are allowed to lend in foreign currency. MFOs and SCAs of "category A" (membership restricted to individuals only) are not allowed to operate as deposit-taking financial institutions.

[48] The NCFM approved a concept mechanism for the trading of Government securities (with maturity greater than 1 year) in December 2013 and set out the conditions for traders' admission to the government securities market in a Regulation adopted in March 2014.

[49] The review period was marked by the entry and exit of a second stock exchange, the Chisinau Stock Exchange, which was closed in March 2015.

[50] Law No. 171 of 11 July 2012.

[51] Law No. 180 of 25 July 2014.

depository functions were not fully taken into account. The NCFM is currently drafting the secondary legislation, which would regulate, *inter alia*, investment companies, undertakings for collective placements, the Investors Compensation Fund, public offers, takeover bids, and capital market infrastructure.

4.51. There are no restrictions on foreign portfolio investment in the Republic of Moldova. Admission to perform professional activities on the Moldovan securities market is conditional on compliance with legal requirements for minimum social capital and guarantee provisions. Legal persons incorporated and authorized to carry out investment activities in a EU jurisdiction may obtain the status of "accepted persons", enabling them to carry out the same activities through branches in the Republic of Moldova without the need to obtain a licence from the NCFM.

4.52. As at April 2015, there were 19 companies (including 9 commercial banks) operating as investment firms; 12 register firms; and 3 securities evaluation companies. There were also 18 investment funds in liquidation, half of which in compulsory liquidation.

4.4.1.4 Insurance

4.53. In March 2015, the Moldovan insurance market comprised 15 insurance companies (one composite, one life and 13 non-life insurers), 76 insurance brokers, 168 insurance agents (as legal persons), and the National Motor Insurers Bureau.[52] In 2014, gross premiums written amounted to MDL 1,203.6 million, up from MDL 816.5 million in 2009. Non-life insurance accounted for some 93.7% of total premiums during 2009-14, the main classes being compulsory and voluntary motor vehicle insurance; reinsurance premiums amounted to MDL 24.6 million during 2010-14. Market concentration remains elevated, with the five largest insurance companies accounting for some 72.5% of gross premiums written in 2014.[53]

4.54. There are three types of compulsory insurance in the Republic of Moldova: internal third party motor liability insurance, external motor liability insurance ("Green Card"), and liability insurance of carriers towards the passengers. Insurers licensed to provide internal (or both internal and external) compulsory motor liability insurance become members of the National Motor Insurers Bureau; they are also required to contribute to a Street Victims Protection Fund an amount proportional to their share of total premiums from compulsory insurance.[54]

4.55. 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.[55] According to the authorities, 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.[56] 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. Insurers may offer both life and non-life insurance, on the condition of accounting separation of the two activities.

4.56. The minimum social capital required for the licensing of non-life insurers is MDL 15 million; the thresholds for provision of life insurance and reinsurance are MDL 22.5 million and MDL 30 million, respectively. Licensed insurance companies must also comply with prudential requirements on liquidity, solvency and the diversification of technical reserves. Insurers may insure risks worth up to 25% of the sum of their equity and technical reserves; they are not allowed to transfer in reinsurance contracted abroad more than 80% of the amount of the underlying insurance obligation. The NCFM is in the process of developing by-laws with a view to transposing the

[52] The National Motor Insurers Bureau handles motor vehicle insurance claims for accidents that have taken place outside Moldova.
[53] Higher social capital requirements for insurance companies, implemented in July 2012, triggered a process of consolidation.
[54] The Street Victims Protection Fund has been established to protect persons injured in accidents caused by vehicles whose owners did not have the compulsory motor liability insurance.
[55] WTO document GATS/SC/134, 21 December 2001.
[56] In 2014, non-residents owned some 26.5% of the total share capital of Moldovan-incorporated insurance companies.

solvency requirements in place in the EU, making reserve requirements a function of asset quality, and implementing risk-based supervision.

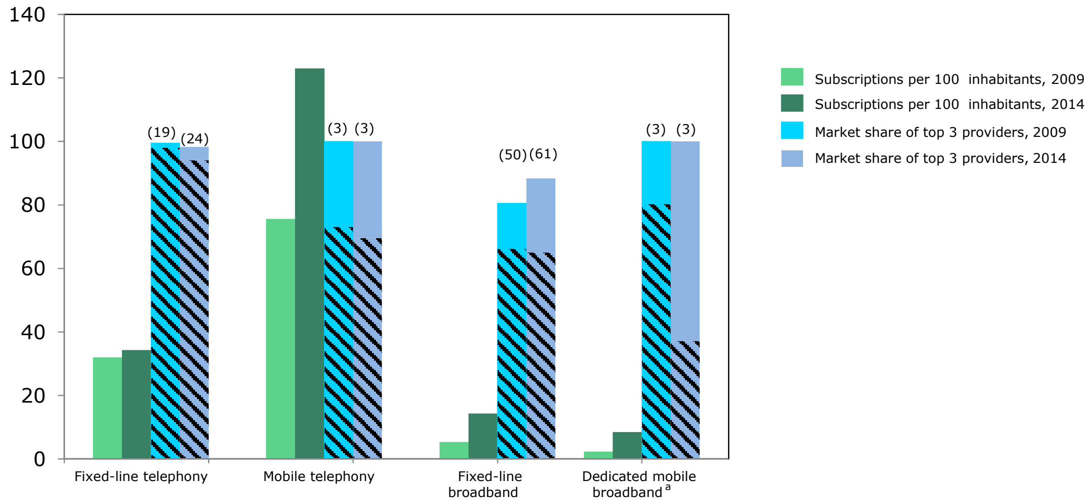
4.57. As per the Law on insurance[57], insurers are required to make contributions to a National Insurance Guarantee Fund designed to cover compensation payments in case of insurer insolvency. In June 2015, the legislation governing the establishment, administration and use of the Fund was awaiting parliamentary approval.

4.4.2 Communication services

4.58. The Republic of Moldova's electronic communications market expanded steadily between 2009 and 2014, with providers' total revenues increasing to MDL 6.8 billion and the number of subscribers reaching 6.67 million. While mobile telephony continued to account for more than half of total revenues and subscriptions, the highest rates of growth and average revenue per user were registered in broadband data transmission (both the fixed-line and mobile segments). Broadband services have significant potential to grow further, as suggested by the relatively low penetration rates (Chart 4.5) and indicators of latent demand in the Republic of Moldova.[58]

4.59. Notwithstanding a general decline in the largest providers' market shares, most electronic communications segments remained fairly concentrated, in particular fixed-line telephony, (Chart 4.5) during the review period, reflecting lags in the enforcement of legal provisions and the need to implement additional pro-competitive measures.

Chart 4.5 Penetration and concentration by market segment, 2009 and 2014



a Excluding internet traffic as an addition to mobile voice service.

Note: Shaded areas indicate the largest provider's share of the entire corresponding market. Figures in brackets indicate the total number of active providers in that year.

Source: National Regulatory Agency for Electronic Communications and Information Technology.

4.60. 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. These State-owned companies' respective market shares are as follows: fixed telephony, 94.1%; fixed-line broadband, 63.8%; mobile telephony, 3.6%; mobile broadband, 27.6%; pay TV, 26.3%; TV and radio broadcasting, 25.6%; and postal services (letters up to 2kg), 100%. Moldtelecom offers a subsidized fixed-line telephony package to certain social groups, including disabled people and war invalids.

[57] Law No. 407 of 21 December 2006.

[58] In 2014, some 67% of the Moldovan population were using the internet, whereas the corresponding figures for subscribers of fixed and mobile broadband remained below 15% and 34%, respectively.

4.61. The Ministry of Information Technology and Communications (MITC) formulates and promotes State policy for the information society. MITC is in charge of, *inter alia*,: defining information society development programmes; elaborating legislation and standards in the areas of computerization, telecommunications and mail; and coordinating the elaboration of the National Frequency Plan. MITC is also responsible for the enforcement of technical regulations for telecommunications equipment.

4.62. The National Regulatory Agency for Electronic Communications and Information Technology (ANRCETI) supervises and regulates electronic communication activities in the Republic of Moldova. Its responsibilities include extrajudicial dispute resolution[59], as well as defining quality of service parameters and monitoring compliance. ANRCETI keeps the Public Register of Providers operating under the general authorization regime (see below), and grants licences for the use of scarce resources (telephone numbers and spectrum) and authorizations for the provision of information technology services of State importance; it also issues technical permits for radio communications stations.

4.63. ANRCETI carries out periodic analyses of certain markets with a view to identifying operators with significant market power (SMP) and imposing on them obligations that would level the playing field.[60] Specifically, ANRCETI approves the interconnection and wholesale tariff-setting methodologies, as well as the end-user tariffs (after consultations with the Government), of SMP providers and, whenever necessary, imposes additional requirements on their conduct in order to prevent discriminatory practices or refusal of access. In 2010-11, ANRCETI designated providers with SMP on one retail and eight wholesale markets; the second round of market analyses, in 2013, confirmed all nine previously-identified relevant markets, expanded one market definition and designated 11 additional SMP providers. At end-November 2013, there were 27 providers with SMP on at least one relevant telecommunications market; only the State-owned incumbent, Moldtelecom, was deemed to have SMP on all nine relevant markets.[61]

4.64. All telecommunications operators are required to pay regulatory and monitoring fees to ANRCETI at the rate of 0.3% of their revenues from electronic communications services. The proceeds from these fees finance ANRCETI's activities. In addition, mobile providers must contribute 2.5% of their mobile telephony revenue to a Social Support Fund managed by the Ministry of Labour.

4.65. ANRCETI's enforcement powers remain hampered by deficiencies, including in its authority to carry out *ex officio* investigations and to impose deterring penalties (presently, the maximum fine is about €500).[62] Moreover, the legislation in force enables operators to use the appeals mechanism as a means to delay implementation of ANRCETI's decisions.

4.66. According to the authorities, 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.[63] Entry in the electronic communications market has been liberalized as from 1 January 2004.[64] The legal framework for recognising electronic contracts and signatures has been in force since 2004.[65] 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).[66] Nevertheless, delays in the

[59] ANRCETI hears disputes upon request from any of the parties; it has the right to make its decisions binding on the parties to the dispute.

[60] The Electronic Communications Law mandates ANRCETI to analyse biannually nine relevant markets "susceptible to ex-ante regulation"; the retail mobile telephony and broadcasting services markets are excluded. The definition of significant market power is based on a market share threshold of 35% and ANRCETI assessing the relevant market as "not effectively competitive".

[61] ANRCETI online information. Viewed at: http://en.anrceti.md/node/98.

[62] EBRD (2012).

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

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

[65] Law No. 264-XV of 15 July 2004, as amended by Law No. 91 of 29 May 2014.

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

adoption of implementing regulations continue to cause enforcement lags in some areas, such as universal service obligations.[67]

4.67. Under the Republic of Moldova's general authorization regime, in force since September 2008, a natural or legal person can provide public electronic communications networks and/or services on the basis of a simple notification to ANRCETI. The authorization is granted automatically (within seven days), free of charge, and for an unlimited term. At end-December 2014, the Public Register of electronic communications providers contained 531 authorized entities, up from 417 at end-2009. Entry of virtual mobile operators by commercial agreement has been possible, in principle, since 2010 but none has appeared to date. Consumers' switching costs remained a significant barrier to entry until July and August 2013 when number portability became operational in mobile and fixed-line telephony, respectively.[68] Technology-neutral licences for mobile telephony and data transmission were issued for the first time in 2014.

4.68. Contestability on the Moldovan telecommunications market could be strengthened further by implementing: national mobile roaming; retail tariff rebalancing of the incumbent fixed-telephony operator (eliminating cross-subsidization); carrier pre-selection; and access to communications networks' associated infrastructure (shared use).[69]

4.69. Electronic communications equipment can be imported, sold for use, or installed in the Republic of Moldova only with a declaration of conformity issued on the sole responsibility of the manufacturer or the importer. The declaration must be based on the manufacturer's technical documentation or on a certificate of conformity issued by an accredited and recognized certification body, such as the State enterprise National Radiofrequency Center. The Republic of Moldova recognizes certificates of conformity and test reports issued by signatories of the Multilateral Agreement of the European Cooperation for Accreditation (EA MLA).

4.70. 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.[70] In practice, the incumbent retains a monopoly on international and internal delivery of letters up to two kilogrammes; its monopoly on post office counter services also seems to remain in force.[71] Posta Moldovei fulfils universal service obligations for: collection, sorting, transportation and delivery of dispatches (parcels) weighing up to ten kilogrammes; delivery of parcels sent from abroad weighing up to 20 kilogrammes; registered mail (letters) with declared value; and internal and international postal payments.[72]

4.4.3 Transport

4.71. The Republic of Moldova's small, landlocked territory and predominantly flat terrain are natural preconditions for the emergence of road and railroad as the main modes of transport (Chart 4.6). 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.

4.72. Due to inadequate funding, the Moldovan transport infrastructure has been generally declining since the late 1980s. Although efforts to reverse this trend have 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.

[67] 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).

[68] Some 66,235 numbers were ported between July 2013 and December 2014; mobile numbers accounted for about 90.7% of that total.

[69] EBRD (2012).

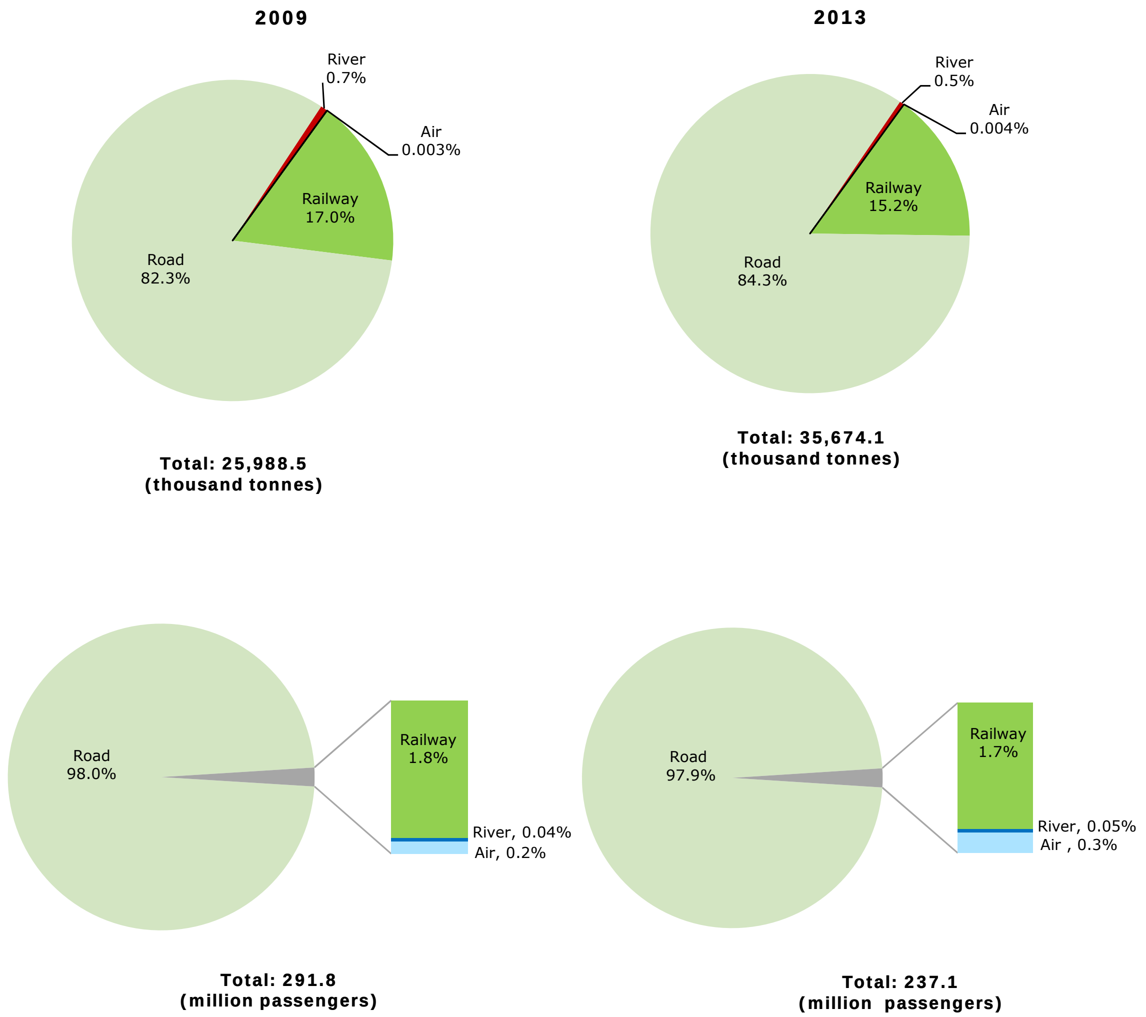
[70] WTO document GATS/SC/134, 21 December 2001.

[71] A draft law for liberalization of letter delivery, retaining the incumbent's monopoly on letters up to 350 grams is awaiting parliamentary approval.

[72] Law No.463-XIII of 18 May 1995.

4.73. The Republic of Moldova's GATS commitments[73] on transport services cover the vast majority of subsectors, as per the Services Sectoral Classification List; although no limitations on market access or national treatment are stipulated therein for the first three modes of supply, several statutory and *de facto* monopolies remain in place. Road cabotage remains reserved for Moldovan-registered vehicles. The legal framework governing transport services is listed in Table A2.1.

Chart 4.6 Freight and passenger transport, 2009 and 2013



Note: Excluding passenger and cargo traffic through the port of Giurgiulesti.

Source: Statistical yearbook of the Republic of Moldova (2013) and data provided by the authorities.

4.74. The Ministry of Transport and Road Infrastructure (MTRI) is in charge of policy formulation and the adoption of standards and technical regulations for all modes of transport. MTRI also elaborates proposals for regulated tariffs, which must be approved by the Government; regulated tariffs are in place for air navigation and airport services, as well as for road (passenger) and railway transport. In its regulatory initiatives, the Ministry receives inputs from relevant line agencies and public institutions. State funding for transport infrastructure is set annually by Government decisions, on the basis of work programmes prepared by MTRI and approved by Parliament.

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

4.75. The Republic of Moldova applies VAT at zero rate to international transportation; domestic passenger transportation services are VAT-exempt. Two strategic infrastructure facilities, namely the Giurgiulesti International Free Port (GIFP) and the Marculesti International Free Airport (MIFA), have been granted special incentives, broadly similar to those applied to FEZs (section 3.3.5). Unlike FEZs, GIFP and MIFA are subject neither to zonal tax nor to limitations on the types of activities allowed therein. In addition, GIFP is exempted from the provisions of Moldovan legislation on competition and natural monopolies, and benefits from preferential income tax treatment (25% of the national rate for the first 10 years and 50%, like FEZs, thereafter); no income tax reduction applies to MIFA.

4.4.3.1 Road

4.76. The Moldovan public road network is State-owned; MTRI currently manages 9,344 km of public roads, whereas 1,200 km in Transnistria are managed by the local government. In 2014, some 47% of the 3,336 km classified as national roads were in poor to bad condition; the corresponding figure for local roads (total length of 6,008 km) was 62%. Although repairs and maintenance operations on certain priority corridors have intensified since 2010, access to rural areas remains problematic.

4.77. The State Road Administration (SRA), a State enterprise under the authority of MTRI, is responsible for road construction, rehabilitation, maintenance and safety; it manages all funding for Moldovan roads, including the national Road Fund[74] and any outlays from the State budget. Road maintenance funding increased from MDL 583 million in 2010 to MDL 1,116 million in 2014. All road maintenance and rehabilitation works are carried out by companies in which the State has a majority stake.[75] Although under no formal obligation, SRA has been awarding some road maintenance contracts through competitive tendering since 2012.

4.78. International road transport is regulated through bilateral agreements signed with 34 countries and 10 international conventions to which the Republic of Moldova is a party. Since 2008, the control of international vehicle traffic on Moldovan territory is the responsibility of Moldovan Customs. According to the Customs Code, transit through the Republic of Moldova should not take more than eight days; this period is extendable in certain cases.[76] The International Association of Road Haulers of the Republic of Moldova (Asociaţia Internaţionala a Transportatorilor Auto, AITA), a private entity established in 1992, is responsible for issuing and guaranteeing TIR carnets in the Republic of Moldova. AITA membership is a prerequisite for obtaining a TIR carnet.

4.79. The National Road Transport Agency[77] (ANTA) is responsible for ensuring compliance with traffic regulations and requirements, including on professional competence certification of staff in road transport and related services, vehicles' technical condition, and working and driving hours. ANTA issues authorizations for the provision of road transport services to carriers licensed by the Licensing Chamber under the Ministry of Economy. In principle, road transport licences are awarded on equal terms, without regard to the applicants' nationality. Regular passenger transport services are awarded on a competitive basis by an inter-ministerial commission (intercity and international routes) or by the municipal governments (urban routes).

4.80. The State enterprise Railway Stations and Auto Stations (Î.S. Gările şi Staţiile Auto) had a monopoly on passenger ticket sales until 2014. The entry into force of a new Road Transport Code[78] eliminated the monopoly, 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 Railway Stations and Auto Stations.

[74] The Moldovan Government allocated to the Road Fund 50%, 65% and 80% of the revenue from excise taxes on fuel, in budget years 2010, 2011, and 2012, respectively.

[75] The Republic of Moldova completed a process of consolidation, reducing the number of road maintenance companies from 35 to 11, in 2014. The authorities affirm that these companies are slated for privatization.

[76] Customs Order No. 288-0 of 20 December 2005.

[77] Government Decision No. 539 of 23 April 2008.

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

4.81. The fares for domestic passenger transport are subject to government-regulated price ceilings.[79] Since 2014, privilege (reduced) fares are financed by direct payments to the beneficiaries from their employers or the competent social assistance bodies, as appropriate. The fares for international passenger transport are set by the carriers, subject to approval by MTRI.

4.82. The Republic of Moldova is a party to the European Agreement concerning the Work of Crews of Vehicles Engaged in International Road Transport (AETR) since 1993. The 2014 Road Transport Code introduced AETR-compliant provisions for the use of digital tachographs; the relevant implementing regulations, including on accreditation and control mechanisms are expected to be adopted by end-2015.

4.83. The Moldovan vehicle fleet is progressively aging and shifting towards a predominance of minibuses, with adverse effects on passenger safety, road traffic and the environment. The authorities estimate that, in December 2014, approximately 70% of vehicles used in passenger transportation were more than 10 years old. Post-independence carrier fragmentation and lax enforcement have undermined compliance with prudential standards for technical operation and maintenance.

4.84. 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. Two State-owned passenger carriers in the municipality of Chisinau (M.E. "Electric transport division" and M.E. "Urban bus fleet") compete with 19 private companies.

4.4.3.2 Fluvial

4.85. Harbour Master Giurgiulesti (Capitania Portului Giurgiulesti, CPG), a public institution overseen by MTRI, is responsible for implementing Moldovan legislation on fluvial transport; it exercises State control over ports, inland waterways, and navigation safety. In addition to CPG, MTRI oversees the State-owned enterprises in charge of the Naval Register, the Molovata ferry boat service, River Port Ungheni, and River Port Bender.

4.86. The Republic of Moldova has two potentially navigable inland waterways (sections of the rivers Prut and Dniester); in 2014, the authorities launched riverbed desilting works with a view to revitalize their use. During the review period, all inland waterway transport was carried out by State-owned enterprises.

4.87. Following a land swap agreement with Ukraine, reached in 1998, the Republic of Moldova gained direct access to the Danube river, which fostered the development of the port of Giurgiulesti. The port complex consists of: a passenger terminal and cargo berth on the river Prut, operated by the State-owned enterprise River Port Ungheni; and the privately built and operated Giurgiulesti International Free Port (GIFP), comprising five terminals on the intersection of the Danube and Prut rivers, as well as a business park. With berth depths of up to seven metres, the port complex is capable of receiving small maritime vessels, thus providing indirect access to international seaborne trade. Goods weighing some 1,083,506 tons were handled at the port of Giurgiulesti in 2014, up from 67,953 tons in 2009.[80]

4.88. With a view to stimulating investment in a facility deemed essential for the Republic of Moldova's energy and transport security, as well as for the expansion of international trade, GIFP has been granted a status similar to that of a FEZ until 2030 (see above).[81] The general investor in GIFP has signed a land lease agreement with the Moldovan Government for a period of 99 years. The use of GIFP's towage assistance and pilotage services is compulsory for maritime vessels entering the entire port complex. According to the authorities, this requirement is part of the port rules, which are set jointly by GIFP and CPG. The fees for entry of vessels into Moldovan ports are set by the Government; the fee for entry into GIFP is approximately 10 times lower than that for entry into the State-operated part of the port complex.

[79] Order No. 231 of 22 October 2013.

[80] These figures are not included in the transport statistics compiled by the National Bureau of Statistics of the Republic of Moldova.

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

4.89. In 2015, there were around 300 ships under Moldovan flag. Moldovan-registered vessels are frequently refused access to ports covered by the Paris Memorandum of Understanding on Port State Control, essentially the waters of the European coast and the North Atlantic basin, for failure to comply with safety requirements stipulated in international maritime conventions. The Republic of Moldova was among the flag states with the highest number of vessel bans over 2010-13.[82]

4.4.3.3 Railway

4.90. 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.[83] Moldovan Railways (Calea Ferată din Moldova, CFM), a State enterprise established in 1993, is the integrated operator of this segment.[84] CFM 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 CFM locomotives.[85] Although still on CFM's balance sheet, railway assets located in Transnistria are *de facto* outside its control since 2004. The State enterprise Railway Stations and Auto Stations (Î.S. Gările şi Staţiile Auto) operates all railway passenger terminals and has a monopoly on ticket sales. There is no independent railway safety authority.

4.91. Moldovan railroads and rolling stock remain, for the most part, an inheritance from a larger Soviet-era system, which was established without regard to present-day borders and transport demand trends. Two new railway sections, with a combined length of 93.4 km, were built in 2005 and 2008, respectively.[86] At present, railroad connections between certain Moldovan cities involve transit through neighbouring countries; railway services involving Transnistria are limited to transit through that territory. The existing infrastructure's limitations, coupled with constraints arising from the poor technical condition and management of CFM's rolling stock, make it difficult to respond to peaks in demand, particularly for freight services.

4.92. In 2015, the total length of the network managed by CFM was 1,157 km, of which some 99% were broad gauge; interconnections with Romania (except the link with the port of Giurgiulesti) require a break-of-gauge, increasing costs and journey times. The entire network remains non-electrified and, apart from some 75.2 km, is single-track (no simultaneous two-way traffic); due to poor maintenance and outdated safety mechanisms, the railways' design speeds are rarely attainable.[87]

4.93. The CFM fleet remains misaligned to present-day demand for transportation and, for the most part, is near the end of its economic life; its poor technical condition undermines service reliability and raises operating costs. Apart from the purchase of 18 passenger wagons in 2002, the fleet has not been expanded since CFM's establishment; some 1,276 wagons were repaired during 2003-14 with a view to extending their life cycle.[88] In January 2015, the rolling stock's average age was as follows: suburban trains, 29.5 years[89]; locomotives, 35 years; freight wagons, 37.5 years; and passenger trains, 28 years.

4.94. All CFM tariffs are regulated by the Government; in principle, tariff-setting is done on the basis of proposals elaborated by MTRI in consultation with CFM. International freight (including transit through Moldova) and passenger tariffs are set in accordance with the relevant Coordinated Tariff Policy Agreements of the Organisation for Co-operation between Railways (OSJD) and the Council for Railway Transport (CRT) of CIS States. CFM does not operate any routes under public service obligation arrangements; travel discounts apply to certain groups of passengers (World

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[82] The Paris Memorandum of Understanding on Port State Control (2013).

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

[84] In January 2012, CFM's internal structure was aligned to its three core functional areas: infrastructure, freight and passenger transport. However, this reorganization did not involve asset and accounting separation, thus limiting any improvements in performance control and tariff-setting.

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

[86] CFM received co-financing from the state budget in the amount of MDL 328 million.

[87] In January 2015, approximately 30% of all railway tracks and some 78% of control systems were deemed in critically bad condition by the authorities.

[88] The legislation in force does not prohibit private ownership of rolling stock; some 311 wagons were privately-owned in January 2015.

[89] All suburban trains have exceeded their standard lifetime.

War II veterans).[90] By and large, domestic passenger tariffs are kept below operating costs through internal cross-subsidization. During 2008-15, both the freight and passenger services were unprofitable; CFM's losses were offset by revenue from transactions with foreign carriers, essentially leasing and repairs of rolling stock.

4.4.3.4 Air

4.95. During most of the review period, air travel to and from the Republic of Moldova was characterised by limited choice and high cost, for lack of competition. Passengers departing from the Republic of Moldova could find better flight options, including number of routes, frequency of flights, and lower airfares, at nearby airports in neighbouring countries. However, steps towards market liberalization, taken since 2012 (see below), are bringing about notable changes. Passenger traffic has been growing steadily and is likely to expand further. Some 33 destinations were regularly served from Chisinau in June 2015, against 22 in 2009.

4.96. International air transport services are governed by one multilateral and 25 bilateral agreements, covering 42 partner countries (including the EU's 28 members).[91] In general, the bilateral agreements in force have been concluded on the principle of reciprocity and may cover up to the fourth freedom. The Republic of Moldova's comprehensive air services agreement with EU members, signed and provisionally applied as from June 2012, paved the way for its gradual integration into the ECAA. The agreement would remove all restrictions on establishment, air fares, routes and the number of weekly flights between the Republic of Moldova and the EU.[92]

4.97. The Civil Aviation Authority[93] (Autoritatea Aeronautică Civilă, CAA) is in charge of implementing Moldova's civil aviation policy; it approves flight rules and routes within Moldovan airspace, keeps the national aviation register, and certifies and authorises aeronautical professionals and aircraft. A need for clearer separation between MTRI's policy formulation functions and CAA's regulatory duties was identified in the national Transport and Logistics Strategy elaborated in 2012.[94] CAA has had a working arrangement with the European Aviation Safety Agency (EASA) since 2009; it signed a new generation arrangement in November 2014, agreeing to a monitoring mechanism in its implementation of European flight safety standards. The Moldovan Air Traffic Services Authority (MoldATSA), a State-owned enterprise operating on a self-financing basis, is the national provider of air navigation services; it doesn't have any regulatory competences.

4.98. All carriers wishing to perform commercial air transport services in the Republic of Moldova must hold a valid Air Operator Certificate (AOC) issued by the aviation authority of the State of registration and have an Aviation Security Program approved by the CAA. Moldovan-registered carriers must be incorporated in the Republic of Moldova and have sufficient funds to cover the costs of operating the envisaged flights for over three months, with the indicated aircrafts at maximum capacity. Aircraft repairs may be performed in the Republic of Moldova on the basis of an Air Operator Authorization (AOA) issued by the CAA. According to the authorities, the Moldovan certification and authorization mechanisms are being updated, as part of the ongoing harmonization with EU legislation.

4.99. In June 2015, eight domestic and 15 foreign carriers held valid authorisations to carry out flights in Moldovan airspace; there were also five AOA holders. Only two Moldovan-registered carriers operated regular passenger flights. The national carrier, Air Moldova, is fully State-owned; it has been benefitting from repeated deferrals on the settlement of airport fees to Chisinau Airport.

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[90] During 2008-14, CFM received MDL 6.1 million from the state budget as reimbursement of costs associated with the transport of persons with travel discount privileges.

[91] Bilateral agreements are in place with Azerbaijan, Belarus, China, Georgia, Israel, the Russian Federation, Turkey, Ukraine, and Uzbekistan.

[92] The Republic of Moldova thus committed to adopt and implement about 65 legal acts in order to harmonize its legislation with EU aviation rules, including with regard to air traffic management, safety and security, economic regulation, competition and social aspects, and environment and consumer protection.

[93] Established under Law No. 1237-XIII of 9 July 1997.

[94] Government of the Republic of Moldova (2012).

4.100. The Republic of Moldova has four airports, of which only one (Cahul Airport) is partially privatized but not operational. Regular passenger and cargo traffic is concentrated at Chisinau Airport, which is undergoing rehabilitation and expansion works to accommodate the growing demand. In 2012, the airport's charges were among the highest in Eastern Europe, partly on account of an Airport Modernization Fee (€9 per departing passenger).[95] The authorities affirm that ground services are open to competition; aircraft refuelling at Chisinau Airport is a *de facto* monopoly of a private company. MIFA, a former military facility, has been given a status similar to that of a FEZ (section 4.4.3) until 2018; the general investor is a State-owned enterprise.

[95] Government of the Republic of Moldova/World Bank (2012).

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5 APPENDIX TABLES

Table A1. 1 Merchandise exports by product groups, 2009-14

	2009	2010	2011	2012	2013	2014
Total exports (US$ million)	1,283.0	1,541.5	2,216.8	2,161.9	2,428.3	2,339.5
	(% of total)					
Total primary products	49.2	51.5	47.1	44.4	46.6	48.6
Agriculture	47.5	48.2	42.2	41.4	42.5	46.2
Food	47.0	47.3	41.2	40.5	41.7	45.4
1121 Wine of fresh grapes	10.0	9.0	6.0	6.6	6.2	4.8
0577 Edible nuts fresh, dried	3.6	3.9	3.2	4.7	4.0	4.7
2224 Sunflower seeds	2.9	3.7	5.6	3.4	5.6	4.5
0412 Other wheat and meslin, unmilled	2.9	2.2	0.7	0.7	2.7	3.5
0449 Other maize, unmilled	0.7	0.6	1.4	0.4	1.0	3.2
4215 Sunflower seed or safflower oiL	3.2	2.7	3.1	3.7	1.7	3.2
1124 Spirits	2.0	2.3	1.9	3.0	3.8	2.9
0612 Other solid beet/chemically pure sucrose	2.3	1.6	0.4	1.4	1.0	2.1
0599 Juices, other than citrus	1.4	1.5	1.6	1.5	2.1	1.6
0579 Fruit, fresh, dried, n.e.s.	1.5	2.8	1.7	2.0	1.6	1.5
2226 Rape, colza, mustard seeds	1.8	1.0	1.5	0.3	0.9	1.2
0574 Apples, fresh	3.5	3.2	2.6	1.8	2.0	1.1
0122 Meat of swine	0.0	0.0	0.0	0.0	0.0	1.0
Agricultural raw material	0.5	0.8	1.0	0.9	0.8	0.9
Mining	1.7	3.3	4.9	3.1	4.1	2.4
Ores and other minerals	1.2	2.8	3.7	2.2	2.8	1.6
Non-ferrous metals	0.0	0.0	0.1	0.1	0.2	0.1
Fuels	0.4	0.5	1.1	0.7	1.1	0.7
Manufactures	50.8	48.5	52.7	55.5	53.4	51.4
Iron and steel	0.2	0.2	0.4	0.4	0.4	0.2
Chemicals	4.9	5.1	5.6	7.2	7.5	7.5
5429 Medicaments, n.e.s.	3.3	3.6	3.2	4.1	4.3	4.9
Other semi-manufactures	4.9	4.9	5.6	5.3	6.4	4.4
6651 Containers, of glass	1.8	2.1	1.7	1.5	1.9	2.0
Machinery and transport equipment	12.0	12.5	14.8	15.7	14.9	14.4
Power generating machines	0.3	0.4	0.4	0.3	0.3	0.3
Other non-electrical machinery	2.3	3.6	4.3	3.2	2.6	2.3
Agricultural machinery and tractors	0.2	0.4	0.4	0.4	0.3	0.2
Office machines & telecommunication equipment	0.5	0.8	0.6	0.3	0.2	0.2
Other electrical machines	7.8	6.4	7.3	8.9	9.8	10.4
7731 Insulated wire; optical fibre cables	7.3	5.9	6.4	7.7	8.8	9.3
Automotive products	0.3	0.6	1.6	1.9	1.4	0.5
Other transport equipment	0.8	0.8	0.6	1.1	0.6	0.7
Textiles	2.6	2.5	3.5	4.3	3.2	2.7
6595 Carpets and other textile floorings, woven	1.7	1.5	1.3	1.4	1.3	1.2
Clothing	17.7	15.1	12.6	11.8	10.7	11.9
8442 Suits, ensembes, jackets, dresses, etc.	1.3	1.6	1.0	1.0	1.3	1.0
Other consumer goods	8.5	8.2	10.1	10.8	10.4	10.2
8211 Seats (excl. of 872.4), and parts	0.5	1.3	2.4	2.8	3.1	3.7
8731 Gas/liquid/electricity, etc., meters	0.4	0.2	0.6	0.8	1.1	1.0
Other	0.0	0.0	0.2	0.1	0.0	0.0

Source: UNSD, Comtrade database (SITC Rev.3), and information provided by the Moldovan authorities.

Table A1. 2 Merchandise imports by product groups, 2009-14

	2009	2010	2011	2012	2013	2014
Total imports (US$ million)	3,278.3	3,855.3	5,191.3	5,212.9	5,492.4	5,317.0
	(% of total)					
Total primary products	38.9	37.6	37.7	39.0	38.6	37.5
Agriculture	16.7	16.3	14.2	15.2	15.2	14.5
Food	15.2	14.9	12.8	13.8	13.8	13.0
1222 Cigarettes containing tobacco	2.3	1.8	1.4	1.3	1.2	1.0
0989 Food preparations, n.e.s.	0.7	0.7	0.7	0.8	0.8	0.8
0342 Fish, frozen (excl. fillets and minced fish)	0.6	0.6	0.5	0.6	0.6	0.6
Agricultural raw material	1.4	1.3	1.4	1.4	1.4	1.4
Mining	22.2	21.4	23.5	23.8	23.5	23.0
Ores and other minerals	0.2	0.4	0.4	0.3	0.4	0.3
Non-ferrous metals	0.5	0.5	0.5	0.4	0.6	1.3
6824 Copper wire	0.0	0.0	0.0	0.0	0.1	0.9
Fuels	21.4	20.5	22.6	23.0	22.5	21.4
33 Petroleum and petroleum products	11.1	11.1	12.3	11.9	11.8	11.5
Manufactures	61.1	62.3	62.3	61.0	61.4	62.5
Iron and steel	2.2	2.5	2.5	2.2	2.5	2.5
Chemicals	14.1	13.5	13.0	13.5	14.2	15.0
5429 Medicaments, n.e.s.	4.2	3.6	3.3	3.3	3.6	4.0
5542 Surface-active agents (excl. soap)	0.9	0.8	0.7	0.7	0.7	0.7
5533 Preparations for use on the hair	0.4	0.3	0.5	0.8	0.7	0.6
Other semi-manufactures	10.5	10.9	10.4	10.0	10.1	10.1
6429 Articles of paper pulp, paper, etc., n.e.s.	0.5	0.6	0.6	0.6	0.7	0.6
6624 Non-refractory brick, tiles, pipes, etc.	0.7	0.6	0.6	0.6	0.6	0.6
Machinery and transport equipment	19.1	20.9	22.3	20.8	20.6	21.2
Power generating machines	0.2	0.2	0.3	0.2	0.2	0.2
Other non-electrical machinery	4.5	5.5	6.7	5.9	6.0	6.7
Agricultural machinery and tractors	1.1	1.2	1.8	1.5	1.5	2.3
7224 Wheeled tractors (other than of 744.14/744.15)	0.3	0.4	0.6	0.6	0.6	0.8
7212 Agricultural produce machinery	0.4	0.4	0.6	0.4	0.4	0.7
Office machines & telecommunication equipment	3.9	3.9	3.4	3.3	3.2	3.1
Other electrical machines	5.8	5.3	6.0	6.0	6.1	5.7
7731 Insulated wire etc.; optical fibre cables	1.8	1.7	2.2	2.2	2.3	1.7
7725 Switches, relays, etc. for a voltage <= 1000 V	0.6	0.5	0.6	0.7	0.8	0.8
7732 Electrical insulating equipment	0.6	0.5	0.6	0.6	0.6	0.6
Automotive products	4.1	4.3	5.3	4.4	4.4	4.4
7812 Motor vehicles for the transport of persons, n.e.s.	2.4	2.3	2.6	2.1	2.4	2.5
7843 Other motor vehicle parts and accessories of 722, 781 to 783	0.7	0.7	1.0	1.1	1.0	0.7
Other transport equipment	0.6	1.6	0.7	1.0	0.7	1.1
Textiles	5.0	5.3	5.4	5.4	5.0	4.8
6552 Other knitted/crocheted fabrics, not impregnated/coated	1.2	1.2	1.1	1.0	1.0	1.0
Clothing	2.3	2.0	1.7	1.8	1.9	1.8
Other consumer goods	7.8	7.3	7.0	7.2	7.0	7.1
8931 Plastics containers, stoppers, lids, etc.	0.5	0.4	0.5	0.5	0.5	0.6

Source: UNSD, Comtrade database (SITC Rev.3), and information provided by the Moldovan authorities.

Table A1. 3 Merchandise exports by destination, 2009-14

	2009	2010	2011	2012	2013	2014
Total exports (US$ million)	1,283.0	1,541.5	2,216.8	2,161.9	2,428.3	2,339.5
	(% of total)					
America	1.8	2.0	2.5	1.8	1.4	1.5
United States	1.3	1.4	1.1	1.4	1.0	1.4
Other America	0.5	0.6	1.4	0.5	0.4	0.1
Europe	57.0	53.5	53.0	50.1	54.3	60.1
EU(28)	52.3	47.5	49.0	47.0	46.9	53.3
Romania	18.7	16.0	17.0	16.5	16.9	18.6
Italy	10.6	9.6	9.7	9.4	7.6	10.4
Germany	5.9	4.9	4.8	3.2	4.7	5.9
United Kingdom	4.7	5.3	4.6	3.9	4.3	4.6
Poland	2.6	3.0	3.9	3.4	3.5	2.8
Bulgaria	1.1	1.2	1.5	1.6	1.3	1.6
France	1.7	1.5	1.1	1.4	1.5	1.6
Czech Rep.	0.4	0.5	0.5	0.8	1.1	1.3
Greece	1.2	1.2	1.1	0.6	1.0	1.1
Austria	0.6	0.7	0.6	0.8	0.8	1.0
The Netherlands	0.9	0.7	0.8	0.8	0.7	0.9
EFTA	1.7	1.1	0.4	0.2	2.0	2.1
Switzerland	1.7	1.1	0.4	0.2	2.0	2.1
Other Europe	3.1	4.8	3.6	2.8	5.4	4.7
Turkey	2.5	4.4	3.3	2.6	5.2	4.5
Commonwealth of Independent States (CIS)	38.9	41.3	42.1	43.8	39.2	32.5
Russian Federation	22.3	26.2	28.2	30.3	26.0	18.1
Belarus	6.3	5.2	3.4	3.7	3.7	5.8
Ukraine	6.3	5.9	6.9	5.7	5.8	4.7
Kazakhstan	2.1	2.0	2.1	2.3	1.6	1.9
Georgia	0.7	0.8	0.6	0.9	1.2	1.0
Africa	0.4	0.7	0.2	0.5	0.5	0.6
Middle East	1.6	2.0	1.2	1.4	0.9	1.3
Asia	0.3	0.5	1.1	2.3	2.3	2.7
China	0.1	0.1	0.2	0.4	0.3	0.4
Japan	0.0	0.0	0.0	0.0	0.0	0.1
Other Asia	0.1	0.3	0.8	1.9	1.8	1.8
New Zealand	0.0	0.0	0.2	1.2	1.3	0.9
Other	0.0	0.0	0.0	0.0	1.4	1.3

Source: UNSD, Comtrade database, and information provided by the Moldovan authorities.

Table A1. 4 Merchandise imports by origin, 2009-14

	2009	2010	2011	2012	2013	2014
Total imports (US$ million)	3,278.3	3,855.3	5,191.3	5,212.9	5,492.4	5,317.0
	(% of total)					
America	2.6	3.5	2.5	2.7	2.3	2.9
United States	1.4	1.6	1.5	1.5	1.3	1.4
Other America	1.2	1.9	0.9	1.1	1.0	1.4
Europe	50.1	50.9	52.0	53.4	53.5	55.7
EU(28)	43.4	44.3	43.5	44.5	45.0	48.3
Romania	9.5	10.0	11.1	11.9	13.1	15.1
Germany	7.7	7.6	7.6	7.4	7.2	8.0
Italy	7.1	7.0	6.7	6.3	6.3	6.6
Poland	2.7	2.7	2.6	2.9	2.6	2.9
Austria	1.7	1.5	1.6	2.4	2.3	2.1
France	1.9	1.8	1.7	2.0	1.9	1.8
Hungary	1.6	1.7	1.9	1.7	1.8	1.6
Bulgaria	1.2	1.3	1.3	1.5	1.5	1.5
United Kingdom	1.5	1.4	1.2	1.1	1.1	1.3
Czech Rep.	1.1	1.1	1.2	1.2	1.3	1.3
The Netherlands	1.0	1.1	1.0	0.9	0.9	1.1
Spain	0.9	0.7	0.8	0.8	0.8	0.9
Belgium	0.7	0.9	0.7	0.7	0.8	0.8
EFTA	1.1	1.0	1.1	1.1	1.1	1.1
Switzerland	0.8	0.6	0.7	0.7	0.8	0.8
Other Europe	5.5	5.6	7.5	7.8	7.4	6.3
Turkey	5.3	5.3	7.1	7.4	6.9	5.7
Commonwealth of Independent States (CIS)	34.8	32.6	33.0	31.2	30.5	27.3
Russian Federation	11.4	15.2	15.9	15.7	14.3	13.5
Ukraine	14.0	13.7	12.4	11.4	12.0	10.3
Belarus	4.2	3.1	3.8	3.3	3.2	2.7
Africa	0.3	0.3	0.3	0.3	0.3	0.5
Middle East	0.6	0.4	0.5	0.9	0.9	0.5
Asia	11.4	12.1	11.6	11.4	12.3	12.9
China	7.5	8.3	7.7	8.0	8.7	9.0
Japan	1.0	0.9	0.8	0.6	0.7	0.9
Korea, Rep. of	0.5	0.6	0.7	0.6	0.6	0.7
Other Asia	1.6	1.5	1.5	1.4	1.5	1.5
India	0.7	0.7	0.7	0.6	0.6	0.7
Other	0.1	0.1	0.1	0.1	0.1	0.2

Source: UNSD, Comtrade database, and information provided by the Moldovan authorities.

Table A2. 1 Main trade-related legislation

Subject	Laws and regulations
Agriculture	Law on food (No. 78 of 18/03/2004) Law on establishing general principles and requirements of food safety legislation (No. 113 of 18/05/2012) Law regarding the identification and registration of animals (No. 231-XVI of 20/07/2006) Law on selection and reproduction in animal husbandry (No. 371 of 15/02/1995) Law on animal husbandry (No. 412 of 27/05/1999) Law on vine and wine (No. 57 of 10/03/2006) Law on horticulture (No. 728 of 02/06/1996) Law on seeds (No. 68 of 04/05/2013)
Customs	Law approving the Combined Nomenclature of goods (No. 172 of 25/07/2014) Customs Code (Law No. 1149-XIV of 20/07/2000) Law on Customs Tariff No. 1380 of 20/11/1997
Competition	Law on Competition (No. 183 of 11/07/2012)
Energy	National Energy Regulatory Agency (Governmental Decision No. 767 of 11/08/1997) Law on Energy (No. 1525-XIII of 19/02/1998) Law on Electricity (No. 124-XVIII of 23/12/2009) Law on Natural gas (No. 123-XVIII of 23/12/2009)
Financial services	Law on Foreign Exchange Regulation No. 62-XVI, 21/03/2008 Law on the National Bank of Moldova (No. 548-XIII of 21/07/1995) Law on Financial Institutions (No. 550-XIII of 21/07/1995) Law on Payment Services and Electronic Money (No. 114 of 18/05/2012) Law on Capital Market No. 171 of 11/07/ 2012 Law on National Commission for Financial Markets (No. 192 of 12/11/1998) Law on Insurance (No. 407 of 21/12/2006) Law on Joint Stock Companies (No. 1134-XIII of 02/04/1997)
Free zones	Law On Free Economic Zones (No. 440-XV of 27/07/2001)
Government procurement	Law on Government Procurement (No. 96 of 13/04/2007)
Investment	Law on Investments in Entrepreneurial Activity (No. 81-XV of 18/03/2004)
IPR	Law on Copyright and Related Rights (No. 139-XIII of 02/07/2010) Law on the Protection of Geographical indications, appellations of Origin and traditional specialties guaranteed (No. 66-XVI of 25/10/2008) Law on the Protection of Inventions (No. 50-XVI of 07/03/2008, as amended by the Law No. 173 of 25/07/2014) Law on the Protection of Trademarks (No. 38-XVI of 29/02/2008, as amended by the Law No. 173 of 25/07/2014, Law No. 20 of 23/02/2012) Law on the Protection of Plant Varieties (No. 39-XVI of 29/02/2008, as amended by the Law No. 173 of 25/07/2014 and the Law No. 85 of 13/04/2012) Law on the Protection of Industrial Designs (No. 161 of 12/07/2007, as amended by the Law No. 173 of 25/07/2014) Law on the Protection of Topographies of Integrated Circuits (No. 655-XIV of 29/10/1999, as amended by the Law No. 238 of 13/11/2008, Law No. 205 of 28/07/2005, Law No. 469 of 21/11/2003, Law No. 1446 of 08/11/2002) Law on Commercial Secrets (No. 171-XIII of 06/07/1994, as amended by the Law No. 111 of 17/05/2012, Law No. 195 of 15/07/2010, Law No. 204 of 28/07/2005, Law No. 290 of 22/07/2004, Law No. 390 of 20/07/2001, Law No. 312 of 28/06/2001, Law No. 1079 of 23/06/2000).
Licensing	Improving the Mechanism of Regulating External Trade (Import Licensing) (Government Decision No. 777 of 13/08/1997) Law on Regulation by Licensing of Entrepreneurial Activity (No. 451-XV of 30/07/2001)
Manufacturing	Government Decision on industry development strategy for the period until 2015 (No. 1149 of 05/10/2006)
Pricing policy	Law on internal trade (No. 231 of 23/09/2010) Government Decision on measures of state coordination and regulation of prices and tariffs (No. 547 of 04/08/1995) Law on petroleum products market (No. 461-XV of 30/07/2001) Decision of the National Agency for Energy Regulation approving the methodology for calculating and applying the prices of petroleum products (No. 263 of 05/10/2007) Law on medicaments (No. 1409-XIII of 17/12/1997) Law on pharmaceutical activity (No. 1456-XII of 25/05/1993) Government Decision approving the Regulation on the mode of approval and registration of producer prices for medicaments (No. 525 of 22/06/2010) Government Decision on approval of the Regulation on the formation of prices of medicaments and other pharmaceutical and parapharmaceutical products
Privatization	Law on Public Property Management and Privatization No. 121-XVI of 04/05/2007

Subject	Laws and regulations
SPS	Law regarding sanitary-veterinary activity (No. 221-XVI of 19/10/2007) Law on plant protection and plant quarantine (No. 228 of 23/09/2010) Government Decision on Urgent measures to prevent the introduction and spread in the Republic of Moldova of quarantine organisms (No. 558 of 22/07/2011) Government Decision on approving the rules for surveys to be carried out for purposes of the recognition of protected zones areas in the Republic of Moldova, as well as the rules for the movement of some plants, plant products and other objects in a protected zone (No. 557 of 22/07/2011) Government Decision on approving Special Conditions for the introduction and movement of plant, plant products and other objects within the territory of the Republic of Moldova (No. 594 of 02/08/2011) Government Decision on approving some normative acts on the implementation of the Law No. 228 of 23/09/2010 on plant protection and phytosanitary quarantine (No. 356 of 31/05/2012) Government Decision approving the methods of sampling for the official control of pesticide residues in and on products of plant and animal origin (No. 1004 of 25/10/2010) Government Decision on approving the technical Regulation "Mineral fertilizers. Essential Requirements" (No. 268 of 26/04/2012) Government Decision approving the Sanitary Regulation on maximum level of residues of plant protection products in or on food products and feed of plant and animal products for animals (No. 1191 of 23 /12/2010)
State trading	Law On State Regulation of External Trade Activity (No. 1031-XIV of 08/06/2000)
Taxation	Fiscal Code (No. 1163-XIII of 24/04/1997)
TBT	Law on Standardization (No. 590-XIII of 22/09/1995) Law on technical regulation activity (No. 420-XVI of 22/12/2006) Law on accreditation and conformity assessment (No. 235 of 01/12/2011)
Telecoms	Law on Electronic Communications (No. 241-XVI of 15/11/2007) Law on Electronic Commerce (No. 284-XV of 22/07/2004) Law on electronic signature and electronic document (No. 91 of 29/05/2014)
Tourism	Law on the organization and development of tourist activity in the Republic of Moldova (No. 352-XVI of 24/11/2006)
Transport	Railway Code (No. 309 of 17/07/2003) Civil Aviation Law (No. 1237 of 09/07/1997) Aviation Security Law (No. 92-XVI of 05/04/2007) Government Decision approving the National Program for Air Transport Facilitation (No. 1034 of 16/10/2000) Government Decision on approval of supervision charge rate for maintaining certification conditions of Civil Aviation Authority (No. 1 of 04/01/2013) Airspace Control Law (No. 143 of 21/06/2012) Law on approval of the Road Transport Code (No. 150 of 17/07/2014) Government Decision on the reorganization of the automated information system for search "car" in the State Register of transport and the introduction of testing of vehicles and their trailers (No. 1047 of 08/11/1999) Government Decision on Regulation of road transport of passengers and luggage (No. 854 of 28/07/2006) Law on the Road Traffic Safety (No. 131-XVI of 07/06/2007) Law on approval of the commercial maritime navigation Code of the Republic of Moldova (No. 599 of 09/30/1999) Law on domestic shipping (No. 176 of 12/07/2013) Maritime navigation Code (No. 599 of 30/09/1999) Inland naval transport Law (No. 176 of 12/07/2013) Government Decision on approval of the rules for the registration of ships (No. 855 of 30/07/2007) Government Decision on the implementation of the International Management Code for the Safe Operation of Ships and for Pollution Prevention (International Safety Management Code - ISM Code) (No. 997 of 28/08/2006) Government Decision on the implementation of the International Code for ship and port facility security (ISPS Code) and the International Maritime Organization Resolution A.959 (No. 955 of 18/08/2006) Government Decision on the approval of the Transport and Logistics Strategy for 2013-2022 (No. 827 of 28/10/2013) Government Decision on the approval of the National Road Safety Strategy (No. 1214 of 27/12/2010) Roads Law (No. 509 of 22/06/1995) Road Fund Law (No. 720 of 02/02/1996) Road Safety Law (No. 131 of 07/06/2007) Government Decision on the approval of the Action Plan for implementing the National Road Safety Strategy (No. 972 of 21/12/2011) Government Decision on the approval of the National and Local Roads Lists (No. 1323 of 29/12/2000) Law of Quality in Construction (No. 721 of 02/02/1996)

Source: WTO Secretariat on the basis of information provided by the Moldovan authorities.

Table A2. 2 Regional Trade Agreements in force

Agreement	Description
Armenia-Republic of Moldova	
Title	Free Trade Agreement between Armenia and the Republic of Moldova
Parties	Armenia and the Republic of Moldova
Date of signature/entry into force	December 1993/December 1995
End of implementation period	1995
Selected features	Agreement applies to goods only; accession; balance of payments; competition; customs-related procedures; dispute settlement; exceptions, general or for security; export restrictions; rules of origin; safeguard measures
WTO consideration status	Factual presentation completed
Republic of Moldova's merchandise trade with Armenia (2014)	0.01% of total imports; 0.09% of total exports
WTO document series	WT/REG173
CEFTA	
Title	Central European Free Trade Agreement (CEFTA) 2006
Parties (current)	Albania; Bosnia and Herzegovina; the Republic of Moldova; Montenegro; Serbia; The former Yugoslav Republic of Macedonia; UNMIK/Kosovo
Date of signature/entry into force	December 2006/May 2007
End of implementation period	2015
Selected features	Agreement applies to goods only; customs-related procedures; investment; dispute settlement; intellectual property rights
WTO consideration status	Factual presentation not distributed
Republic of Moldova's merchandise trade with CEFTA members (2014)	Albania: 0.13% of total imports; 0.01% of total exports; Bosnia and Herzegovina: 0.04% of total imports; 0.04% of total exports; Montenegro: 0.00% of total imports; 0.01% of total exports; Serbia: 0.40% of total imports; 0.10% of total exports; FYR of Macedonia: 0.04% of total imports; 0.05% of total exports; UNMIK/Kosovo: 0.00% of total imports; 0.01% of total exports
WTO document series	WT/REG233
CIS[a]	
Title	Treaty on a Free Trade Area between members of the Commonwealth of Independent States (CIS)
Parties	Armenia; Belarus; Kazakhstan; Kyrgyz Republic; the Republic of Moldova; Russian Federation; Tajikistan; Ukraine
Date of signature/entry into force	October 2011/September-December 2012
End of implementation period	Not specified
Selected features	Agreement applies to goods only; accession; balance of payments; competition; customs-related procedures; dispute settlement; exceptions, general or for security; export restrictions; rules of origin; safeguard measures
WTO consideration status	Factual presentation completed
Republic of Moldova's merchandise trade with CIS members (2014)	Armenia: 0.01% of total imports and 0.09% of total exports; Belarus: 2.67% of total imports and 5.76% of total exports; Kazakhstan: 0.51% of total imports and 1.94% of total exports; Kyrgyz Republic: 0.01% of total imports and 0.14% of total exports; Russian Federation: 13.49% of total imports and 18.11% of total exports; Tajikistan: 0.00% of total imports and 0.08% of total exports; Ukraine: 10.28% of total imports and 4.67% of total exports
WTO document series	WT/REG173
European Union-Republic of Moldova	
Title	Deep and Comprehensive Free Trade Area between the EU and the Republic of Moldova
Parties	Austria; Belgium; Bulgaria; Croatia; Cyprus; Czech Republic; Denmark; Estonia; Finland; France; Germany; Greece; Hungary; Ireland; Italy; Latvia; Lithuania; Luxembourg; Malta; the Republic of Moldova; Netherlands; Poland; Portugal; Romania; Slovak Republic; Slovenia; Spain; Sweden; United Kingdom
Date of signature/entry into force	27 June 2014/ September 2014
End of implementation period	September 2014
Selected features	Agreement applies to goods and services; national treatment and market access for goods; trade remedies; TBT, standardization, metrology, accreditation and conformity assessment; SPS measures; customs and

Agreement	Description
	trade facilitation; establishment, trade in services and electronic commerce; current payments and movement of capital; public procurement; IPR; competition; trade-related energy; transparency; trade and sustainable development; dispute settlement
WTO consideration status	Factual presentation completed
Republic of Moldova's merchandise trade with EU members (2014)	Austria: 2.08% of total imports and 1.02% of total exports; Belgium: 0.76% of total imports and 0.48% of total exports; Bulgaria: 1.53% of total imports and 1.62% of total exports; Croatia: 0.03% of total imports and 0.01% of total exports; Cyprus: 0.02% of total imports and 0.30% of total exports; Czech Republic: 1.25% of total imports and 1.28% of total exports; Denmark: 0.32% of total imports and 0.07% of total exports; Estonia: 0.11% of total imports and 0.19% of total exports; Finland: 0.30% of total imports and 0.02% of total exports; France: 1.76% of total imports and 1.61% of total exports; Germany: 8.03% of total imports and 5.88% of total exports; Greece: 0.69% of total imports and 1.14% of total exports; Hungary: 1.61% of total imports and 0.24% of total exports; Ireland: 0.16% of total imports and 0.00% of total exports; Italy 6.61% of total imports and 10.40% of total exports; Latvia: 0.14% of total imports and 0.48% of total exports; Lithuania: 0.23% of total imports and 0.72% of total exports; Luxembourg: 0.07% of total imports and 0.00% of total exports; Malta: 0.00% of total imports and 0.00% of total exports; Netherlands: 1.06% of total imports and 0.88% of total exports; Poland: 2.93% of total imports and 2.75% of total exports; Portugal: 0.14% of total imports and 0.02% of total exports; Romania: 15.10% of total imports and 18.55% of total exports; Slovak Republic: 0.40% of total imports and 0.35% of total exports; Slovenia: 0.38% of total imports and 0.03% of total exports; Spain: 0.89% of total imports and 0.50% of total exports; Sweden: 0.37% of total imports and 0.10% of total exports; and United Kingdom: 1.30% of total imports and 4.62% of total exports
WTO document series	WT/REG352
Kyrgyz Republic-Republic of Moldova	
Title	Free Trade Agreement between the Kyrgyz Republic and the Republic of Moldova
Parties	Kyrgyz Republic and the Republic of Moldova
Date of signature/entry into force	May 1995/November 1996
End of implementation period	1996
Selected features	Agreement applies to goods only; accession; balance of payments; competition; countervailing measures; customs-related procedures; dispute settlement; exceptions, general or for security; export restrictions; intellectual property rights; rules of origin; safeguard measures; SPS; TBT
WTO consideration status	Factual abstract distributed
Republic of Moldova's merchandise trade with Kyrgyz Republic (2014)	0.01% of total imports; 0.14% of total exports
WTO document series	WT/REG144
Russian Federation-Republic of Moldova	
Title	Agreement between the Cabinet of Ministers – the Russian Federation and the Republic of Moldova on Free Trade
Parties	Russian Federation and the Republic of Moldova
Date of signature/entry into force	February 1993/March 1993
End of implementation period	1993
Selected features	Agreement applies to goods only; customs-related procedures
WTO consideration status	Factual presentation not distributed
Republic of Moldova's merchandise trade with Russian Federation (2014)	13.49% of total imports; 18.11% of total exports
WTO document series	WT/REG320
Ukraine-Republic of Moldova	
Title	Free Trade Agreement between the Cabinet of Ministers of Ukraine and the Government of the Republic of Moldova
Parties	Ukraine and the Republic of Moldova
Date of signature/entry into force	November 2003/May 2005
End of implementation period	2008
Selected features	Agreement applies to goods only; competition; customs-related procedures; dispute settlement; exceptions, general or for security; export restrictions; government procurement; intellectual property rights; rules of origin;

Agreement	Description
	safeguard measures; SPS; subsidies; TBT
WTO consideration status	Factual presentation completed
Republic of Moldova's merchandise trade with Ukraine (2014)	10.28% of total imports; 4.67% of total exports
WTO document series	WT/REG249
Azerbaijan-Republic of Moldova	
Title	Free Trade Agreement between the Government of the Republic of Moldova and the Government of the Republic of Azerbaijan
Parties	The Republic of Moldova and Azerbaijan
Date of signature/entry into force	May 1995/April 1996
End of implementation period	1996
Selected features	Agreement applies to goods and services
WTO consideration status	Not yet notified
Republic of Moldova's merchandise trade with Azerbaijan (2014)	0.00% of total imports; 0.25% of total exports
Belarus-Republic of Moldova	
Title	Free Trade Agreement between the Government of the Republic of Moldova and the Government of the Republic of Belarus
Parties (current)	The Republic of Moldova and Belarus
Date of signature/entry into force	June 1993/December 1994
End of implementation period	1994
Selected features	Agreement applies to goods only
WTO consideration status	Not yet notified
Republic of Moldova's merchandise trade with Belarus (2014)	2.67% of total imports; 5.76% of total exports
Kazakhstan-Republic of Moldova	
Title	Free Trade Agreement between the Government of the Republic of Moldova and the Government of the Republic of Kazakhstan
Parties	The Republic of Moldova and Kazakhstan
Date of signature/entry into force	May 1995/February 1996
End of implementation period	1996
Selected features	Agreement applies to goods only
WTO consideration status	Not yet notified
Republic of Moldova's merchandise trade with Kazakhstan (2014)	0.51% of total imports; 1.94% of total exports
Georgia-Republic of Moldova	
Title	Free Trade Agreement between the Government of the Republic of Moldova and the Government of Georgia
Parties	The Republic of Moldova and Georgia
Date of signature/entry into force	November 1997/April 2007
End of implementation period	2007
Selected features	Agreement applies to goods only
WTO consideration status	Not yet notified
Republic of Moldova's merchandise trade with Georgia (2014)	0.04% of total imports; 1.05% of total exports
Turkmenistan-Republic of Moldova	
Title	Free Trade Agreement between the Government of the Republic of Moldova and the Government of Turkmenistan
Parties	The Republic of Moldova and Turkemenistan
Date of signature/entry into force	December 1993/March 1996
End of implementation period	1996
Selected features	Agreement applies to goods only
WTO consideration status	Not yet notified
Republic of Moldova's merchandise trade with Turkmenistan (2014)	0.00% of total imports; 0.05% of total exports

Agreement	Description
Uzbekistan-Republic of Moldova	
Title	Free Trade Agreement between the Government of the Republic of Moldova and the Government of the Republic of Uzbekistan
Parties	The Republic of Moldova and Uzbekistan
Date of signature/entry into force	March 1995/August 1995
End of implementation period	1995
Selected features	Agreement applies to goods only
WTO consideration status	Not yet notified
Republic of Moldova's merchandise trade with Uzbekistan (2014)	0.29% of total imports; 0.35% of total exports
GUUAM	
Title	Agreement on the creation of a free trade area between the GUUAM participating states
Parties	Georgia, Ukraine, Uzbekistan, Republic of Azerbaijan, and the Republic of Moldova
Date of signature/entry into force	July 2002/April 2005
End of implementation period	2005
Selected features	
WTO consideration status	Not yet notified
Republic of Moldova's merchandise trade with GUUAM members (2014)	Georgia: 0.04% of total imports; 1.05% of total exports; Ukraine: 10.28% of total imports; 4.67% of total exports; Uzbekistan: 0.29% of total imports; 0.35% of total exports; Azerbaijan: 0.00% of total imports; 0.25% of total exports

a In accordance with paragraph 23.1 and Annex 5 of the Treaty a Free Trade Area between Armenia, Belarus, Kazakhstan, the Kyrgyz Republic, the Republic of Moldova, the Russian Federation, Tajikistan, and Ukraine, as for relations among the Parties, the Agreement on the Free Trade Area (CIS Agreement) shall be terminated. See WTO document WT/REG82/N/3, 7 June 2014.

Source: WTO Secretariat; and information provided by the Moldovan authorities.

Table A3. 1 Moldova's tariff summary, 2015

	Number of lines	Average (%)	Range (%)	Standard deviation	Duty free (%)
Total	**9,448**	**6.2 (6.3)**	**0-25 (0-82.7)**	**5.8 (6.1)**	**35.4**
HS01-24	2,494	11.7 (11.9)	0-25 (0-82.7)	6.6 (7.4)	16.9
HS25-97	6,954	4.4	0-20	4.4	42.1
By WTO category					
WTO agricultural products	2,120	13.4 (13.5)	0-25 (0-82.7)	5.8 (6.7)	6.2
Animals and products thereof	351	15.2 (16.2)	0-20 (0-39)	5.9 (6.9)	8.3
Dairy products	152	11.9 (12.3)	0-20 (0-35.1)	2.9 (4.4)	0.7
Fruit, vegetables, and plants	510	14.6	0-20	5.6	4.9
Coffee and tea	47	12.6	5-15	3.5	0.0
Cereals and preparations	234	10.9	0-15	5.2	10.3
Oils seeds, fats, oil and their products	174	11.2	0-20	5.0	7.5
Sugars and confectionary	44	53.2	15-75	28.9	0.0
Beverages, spirits and tobacco	342	11.9 (11.7)	5-25 (0.6-82.7)	3.5 (9.6)	0.0
Cotton	6	0.0	0-0	0.0	100.0
Other agricultural products, n.e.s.	260	7.4	0-20	5.1	12.7
WTO non-agricultural products	7,328	4.4	0-20	4.5	43.9
Fish and fishery products	493	3.5	0-15	4.7	64.1
Minerals and metals	1,455	2.4	0-20	3.9	71.0
Chemicals and photographic supplies	1,232	3.9	0-6.5	2.6	28.5
Wood, pulp, paper and furniture	441	3.9	0-15	4.4	50.8
Textiles	856	5.7	0-20	4.7	27.8
Clothing	341	11.9	5-12	0.7	0.0
Leather, rubber, footwear and travel goods	264	9.1	0-15	5.1	6.4
Non-electric machinery	881	2.6	0-10	3.8	62.4
Electric machinery	446	5.8	0-10	3.6	23.8
Transport equipment	249	3.0	0-10	2.8	44.2
Non-agricultural products, n.e.s.	620	5.3	0-15	4.4	35.8
Petroleum	50	0.0	0-0	0.0	100.0
By ISIC sector					
ISIC 1 - Agriculture, hunting and fishing	632	8.7	0-20	5.9	21.7
ISIC 2 - Mining	117	2.9	0-20	3.4	47.0
ISIC 3 - Manufacturing	8,698	6.1 (6.2)	0-75 (0-82.7)	7.0 (7.2)	36.3
Manufacturing excluding food processing	6,777	4.5	0-20	4.5	41.8
By stage of processing					
First stage of processing	1,200	6.3	0-20	6.0	37.0
Semi-processed products	2,774	4.1	0-75	8.1	47.0
Fully processed products	5,474	7.4 (7.5)	0-25 (0-82.7)	6.1 (6.5)	29.2
By HS section					
01 Live animals and products	930	8.7 (9.1)	0-20 (0-39)	7.5 (8.3)	37.5
02 Vegetable products	561	10.9	0-20	5.5	10.0
03 Fats and oils	128	12.5	0-20	4.8	6.3
04 Prepared food, beverages and tobacco	875	16.4 (16.0)	0-75 (0-82.7)	13.2 (13.6)	0.9
05 Mineral products	243	1.6	0-20	3.0	72.8
06 Chemicals and products thereof	1,153	3.7	0-6.5	2.6	31.4
07 Plastics, rubber, and articles thereof	301	5.4	0-10	2.5	13.3
08 Raw hides/skins, leather, products thereof	130	9.3	5-15	4.9	0.0
09 Wood and articles of wood	211	1.2	0-10	3.0	83.9
10 Pulp of wood, paper and paperboard	196	6.1	0-15	4.0	19.4
11 Textiles and clothing	1,165	7.2	0-20	4.9	21.5
12 Footwear, headgear, etc.	106	12.3	0-15	4.4	7.5
13 Articles of stone, plaster, cement	238	8.4	0-10	2.7	7.1

	Number of lines	Average (%)	Range (%)	Standard deviation	Duty free (%)
14 Precious stones and metals, pearls etc.	56	5.3	0-10	4.1	30.4
15 Base metals and articles thereof	954	0.9	0-15	2.7	89.4
16 Machinery, electrical equipment, etc.	1,373	3.8	0-10	4.0	48.7
17 Transport equipment	265	2.9	0-10	2.8	46.4
18 Precision equipment	322	4.1	0-10	4.2	46.6
19 Arms and ammunition	22	10.0	10-10	0.0	0.0
20 Miscellaneous manufactured articles	212	7.2	0-11	4.1	20.8
21 Works of art, etc.	7	7.1	0-10	4.5	28.6

Note: Calculations for averages are based on national tariff line level (9 digit). Including *ad valorem* part of compound rates. Figures in brackets include AVEs, as available.

Source: WTO Secretariat calculations, based on data provided by the Moldovan authorities.

Table A3. 2 Overview of government procurement statistics, 2009-14

Type of procurement	No	Procurement method	Total No. of procurements	Total No. of contracts	Share of each category by number of contracts (%)	Contract million value (MDL)	Share of each category by total contact value of contracts (%)
2009							
Procedures performed by publication of notice in Public Procurement Bulletin	1	Open, held in paper format	2,049	15,402	45.46	3,025	66.89
	2	Request for quotation published in the Public Procurement Bulletin, held in paper format	1,649	3,943	11.64	451	9.98
Procedures performed without publication of notice in the Public Procurement Bulletin	3	Request for quotation without publication in Public Procurement Bulletin	3,696	1,762	5.20	205	4,53
	4	Request for quotation coordinated within District Councils, mun. Chişinău, mun. Balti and Gagauzia	..	11,501	33.94	559	12,36
Direct contracting	5	Single source	..	1,276	3.77%	282	6.25
Total 2009			..	**33,884**	**100**	**4,523**	**100**
2010							
Procedures performed by publication of notice in the Public Procurement Bulletin	1	Open, held in paper format	..	14,725	38.00	3,525	62.47
	2	Request for quotation published in the Public Procurement Bulletin, held in paper format in paper format	..	2,986	8.00	281	4.98
Procedures performed without publishing the notice in Public Procurement Bulletin	3	Request for quotation without publication in Public Procurement Bulletin	..	4,816	13.00	503	8.92
	4	Request for quotation coordinated within District Councils, mun. Chişinău, mun. Balti and Gagauzia	..	14,053	37.00	700	12.41
Direct contracting	5	Single source	..	1,603	4.00	632	11.20
Total 2010			..	**38,183**	**100**	**5,642**	**100**

Type of procurement	No	Procurement method	Total No. of procurements	Total No. of contracts	Share of each category by number of contracts (%)	Contract million value (MDL)	Share of each category by total contact value of contracts (%)
			2011				
Procedures performed by publication of notice in Public Procurement Bulletin	1	Open, held in paper format	2,534	16,537	38.95	3,659	66.80
	2	Request for quotation published in the Public Procurement Bulletin, held in paper format	2,350	3,606	8.49	304	5.55
Procedures performed without publication if the notice in Public Procurement Bulletin	3	Request for quotation without publication in Public Procurement Bulletin	4,275	4,478	10.55	503	9.19
	4	Request for quotation coordinated within District Councils, mun. Chişinău, mun. Balti and Gagauzia	..	15,106	35.58	705	12.89
Direct contracting	5	Single source	..	2,734	6.44	305	5.57
Total 2011			**..**	**42,461**	**100**	**5,477**	**100**
			2012				
Procedures performed by publication of the notice in Public Procurement Bulletin	2	Open, held in paper format	2,437	16,529	43.10	4,252	72.35
	3	Carried out through open tenders via SIA RSAP	122	104	0.27	67	1.14
	4	Request for quotation published in the Public Procurement Bulletin, held in paper format	6,019	8,698	22.68	685	11.66
	5	Request for quotation published in the Public Procurement Bulletin, conducted via SIA RSAP	64	34	0.09	4.7	0.08
Procedures performed without publishing the notice in Public Procurement Bulletin	6	Request for quotation without publication in Public Procurement Bulletin	1,246	11,246	29.32	512	8.73
Direct contracting	7	Single source	..	1,742	4.54	355	6.04
Total 2012			**..**	**38,353**	**100**	**5,878**	**100**

Type of procurement	No	Procurement method	Total No. of procurements	Total No. of contracts	Share of each category by number of contracts (%)	Contract million value (MDL)	Share of each category by total contact value of contracts (%)
2013							
Procedures performed by publication of the notice in Public Procurement Bulletin	1	Framework Agreement	5	14	0.04	1.0	0.01
	2	Open, held in paper format	2,292	15,728	45.65	3	50.89
	3	Carried out through open tenders via SIA RSAP	697	1,004	2.91	2,094	28.01
	4	Request for quotation published in the Public Procurement Bulletin, held in paper format	6,693	13,048	37.87	952	12.75
	5	Request for quotation published in the Public Procurement Bulletin, conducted via SIA RSAP	388	377	1.09	43	0.58
Procedures performed without publication of the notice in Public Procurement Bulletin	6	Request for quotation without publication in Public Procurement Bulletin	2,485	3,152	9.15	206	2.76
Direct contracting	7	Single source	..	1,133	3.29	373	4.99
Total 2013			**..**	**34,456**	**100**	**7,475**	**100**
2014							
Procedures performed by publication of the notice in Public Procurement Bulletin	1	Framework Agreement	24	79	0.22	7.7	0.07
	2	Open, held in paper format	2,446	13,772	38.00	4,912	45.32
	3	Carried out through open tenders via SIA RSAP	1,450	2,469	6.81	3,591	33.14
	4	Request for quotation published in the Public Procurement Bulletin, held in paper format	8,086	14,313	39.49	1,561	14.40
	5	Request for quotation published in the Public Procurement Bulletin, conducted via SIA RSAP	1,254	1,340	3.70	165	1.53

Type of procurement	No	Procurement method	Total No. of procurements	Total No. of contracts	Share of each category by number of contracts (%)	Contract million value (MDL)	Share of each category by total contact value of contracts (%)
Procedures performed without publication of the notice in Public Procurement Bulletin	6	Request for quotation without publication in Public Procurement Bulletin	2,503	2,938	8.11	220	2.03
Direct contracting	7	Single source	..	1,334	3.68	379	3.50
Total 2014			**..**	**36,245**	**100**	**10,839**	**100**

.. Not available.

Source: Information provided by the Moldovan authorities.

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