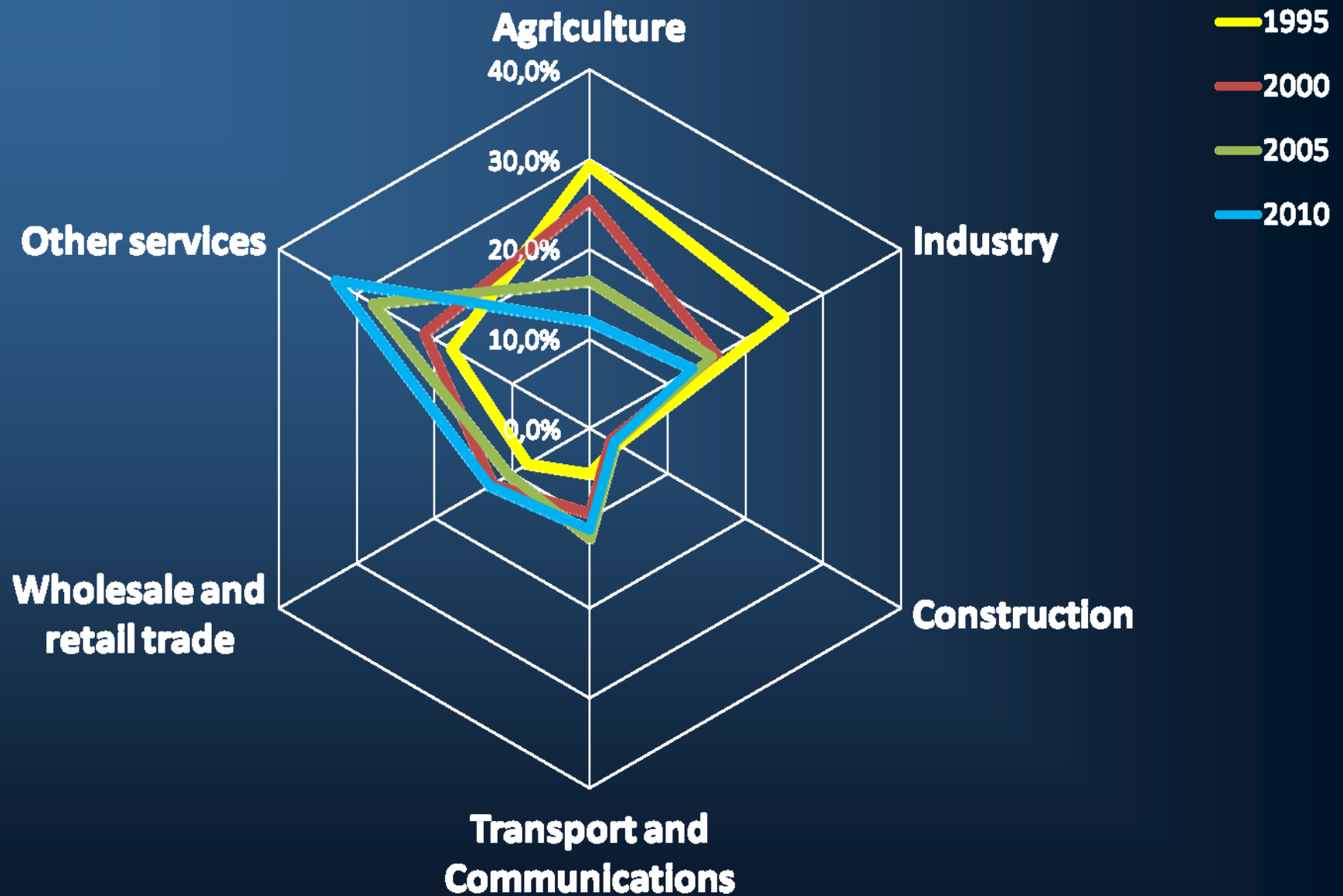




Moldova – focus on FDI

Mr. Sergiu CIOBANU
Vice-Minister of Economy
Republic of Moldova

Moldova – the structure of the economy



New Economic Paradigm:

Consumption *versus*

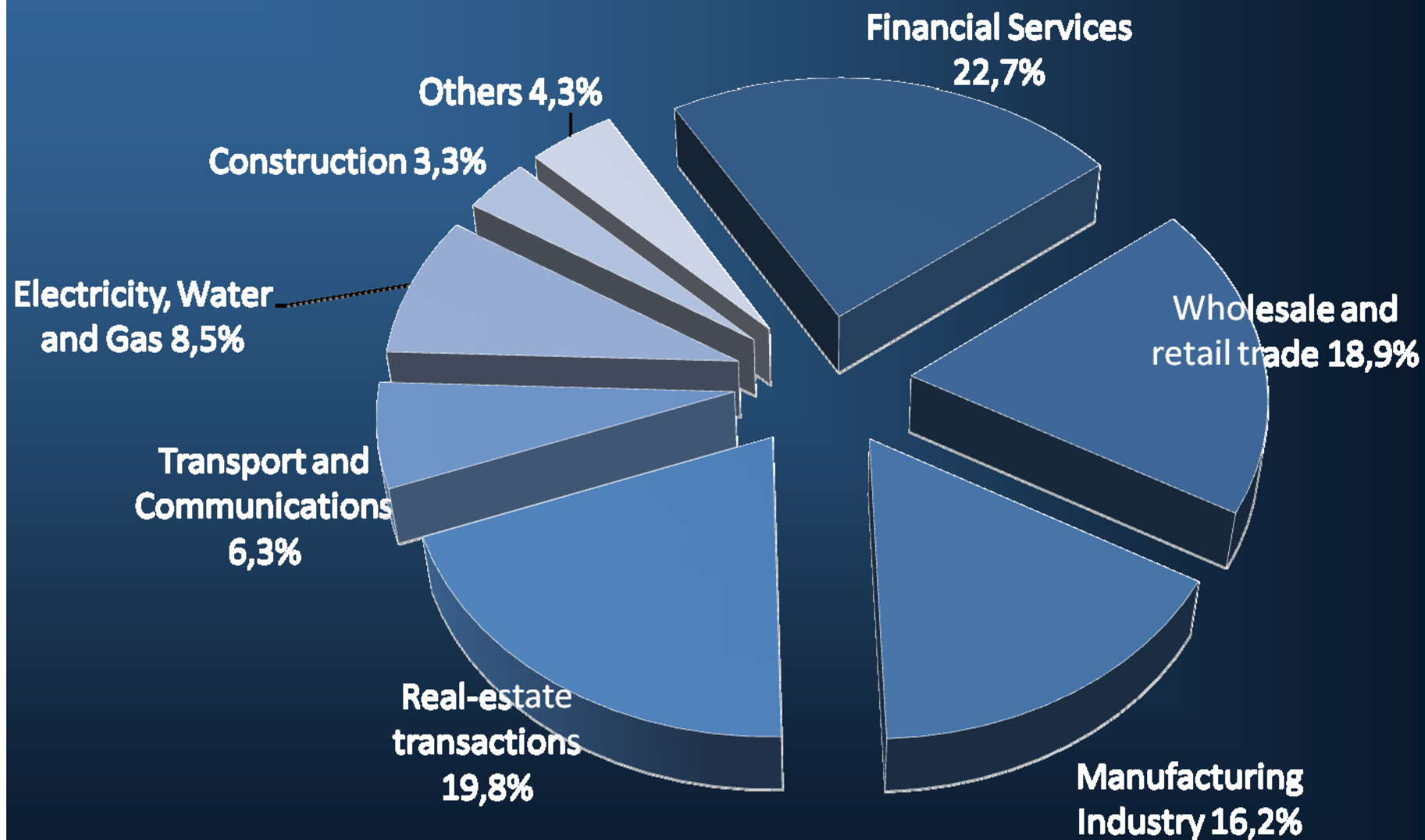
Investment, Innovation,
Competitiveness



Investment Target Sectors

1. Energy infrastructure
2. Alternative energy resources and energy efficiency
3. Transport and road infrastructure
4. Logistics development
5. Organic agri-business and food processing
6. Creation of industrial parks
7. Quality infrastructure
8. Outsourcing services

FDI Structure



Openness to foreign investments



REASON 1



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



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



- EU investments represent roughly 80% of total cumulative FDI

REASON 2

Benefits of Trade Agreements

International trade agreements

Membership in World Trade Organization

Autonomous Trade Preferences agreement with European Union

17 Free Trade agreements

Members of CEFTA (7 countries in SE Europe)

Members of CIS (9 countries) + Georgia



Competitive Labor & Operational Costs

Workforce costs in the region

REASON 3

Romania
4.0 €/hour

Bulgaria
4.0 €/hour

Ukraine
2.0 €/hour

Moldova
1,1 €/hour



Fiscal incentives

REASON 4



A. Incentives when starting a business

- VAT refund for capital expenses on long-term investments, except for housing and vehicles (not applicable in Chisinau and Balti)
- VAT and customs tax exemption for assets to be included in the share capital of the company

B. Benefits when operating

- 0% Corporate Income Tax - until 2011
- 10% Corporate Income Tax – since 2012, with incentives for investors
- Double Taxation Avoidance Agreements (DTAA) with 39 countries

Corporate Income Tax in the Region

Romania	16% flat rate
Ukraine	30% for non-residents
Bulgaria	10%

Opportunities in the Free Economic Zones



REASON 5

0% Income Tax

VAT & Excise
Exemption

Customs Tax Exemption

Transport
infrastructure in place

Water, Gas, Electricity,
Communication
networks in place

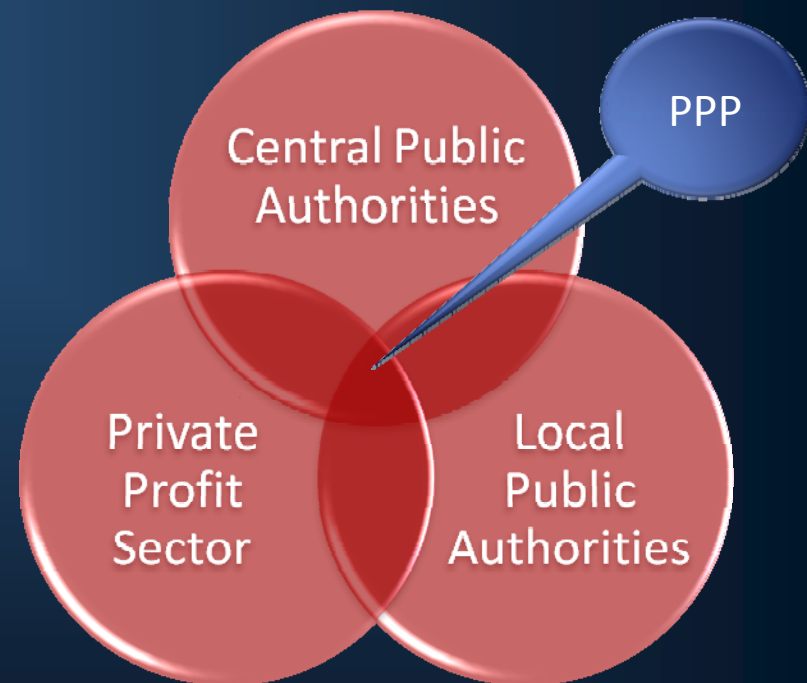
PPP perspectives

Benefits of PPP

- Utilization of sector core competency
- Contributes to local economy
- Cost competitiveness
- Risk sharing
- Promotes local employment opportunities
- Fulfillment of obligations of state and private sector

REASON 6

Desired Situation:
Working in Collaboration



Opportunities offered by Industrial Parks

The new Law on Industrial Parks:

- Offering support on central and local level
- Allow better use of public and private assets
- Title granted for 30 years to Administrator Company
- The administrator company can also be a resident in its industrial park

Industrial Park incentives:

- Free of charge land destination change
- Free of charge state-owned land transfer to administrator company
- Opportunity to rent state-owned land with 30% discount
- State contributions to infrastructure and technology development
- Limited and controlled state inspections
- Assistance from local authorities and the Council for promotion of investment projects of national importance
- Fiscal incentives



Concrete investment proposals



7 Free Economic Zones



2 Free International Ports



13 Feasibility Studies for Industrial Parks, based on:

- 3 public joint-stock company:

- 5 assets managed by the local public administration:

- 4 private IP

- 1 asset of the Central Public Administration



- 1 created IP

“TRACOM” JSC INDUSTRIAL PARK

Chisinau Municipality

Active population: 556,000 people

Location: Chisinau Municipality is the major administrative, territorial, economic, scientific and cultural center of the Republic of Moldova



“TRACOM” JSC:

State share: 92.23 %

LAND LOT

Area: 32,26 ha

Location: Chisinau, str. Columna, 170

Destination: industrial

Ownership: Public property

Buildings: production workshops, warehouses, administrative building, etc.
(total -328,800 m², including production space – 107,400 m²)



Estimated value of investments
46 152,1 thousand EUR

“RAUT” JSC INDUSTRIAL PARK

Balti Municipality

Active population:

103,200 people

Location:

138 km north of Chisinau



“RAUT” JSC:

State share: **77 %**

LAND LOT

Area: **14,68 ha**

Location: **13 Decebal Str., Balti Municipality**

Destination: **industrial**

Ownership: **public property**

Buildings: **production workshops, warehouses, administrative building, etc.
(total -105,300 m², including production space – 74,500 m²)**

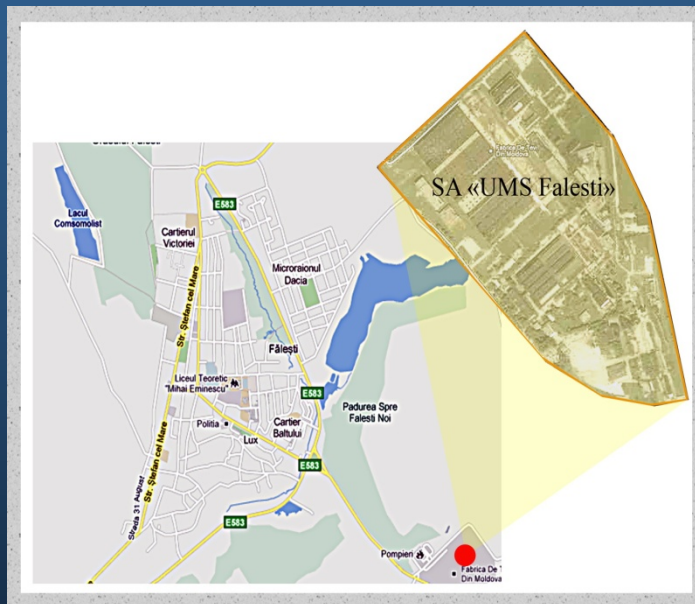
**Estimated value of investments
25 552,4 thousand Euro**

“UMS Falesti” JSC INDUSTRIAL PARK

Falesti District

Active population: 58,500 people

Location: in the north-east of the Republic of Moldova, at 127 km from Chisinau.



“UMS FALESTI” JSC:

State share: 94.12%

LAND LOT

Area: 13.2 ha

Location: beyond the precincts of Falestii Noi village, along the road R17

Destination: industrial

Ownership: Public property

Buildings: production workshops, warehouses, administrative building, etc. (49 800 m²)



Estimated value of investments
20,079.5 thousand EUR