



The Investment Attractiveness of Moldova

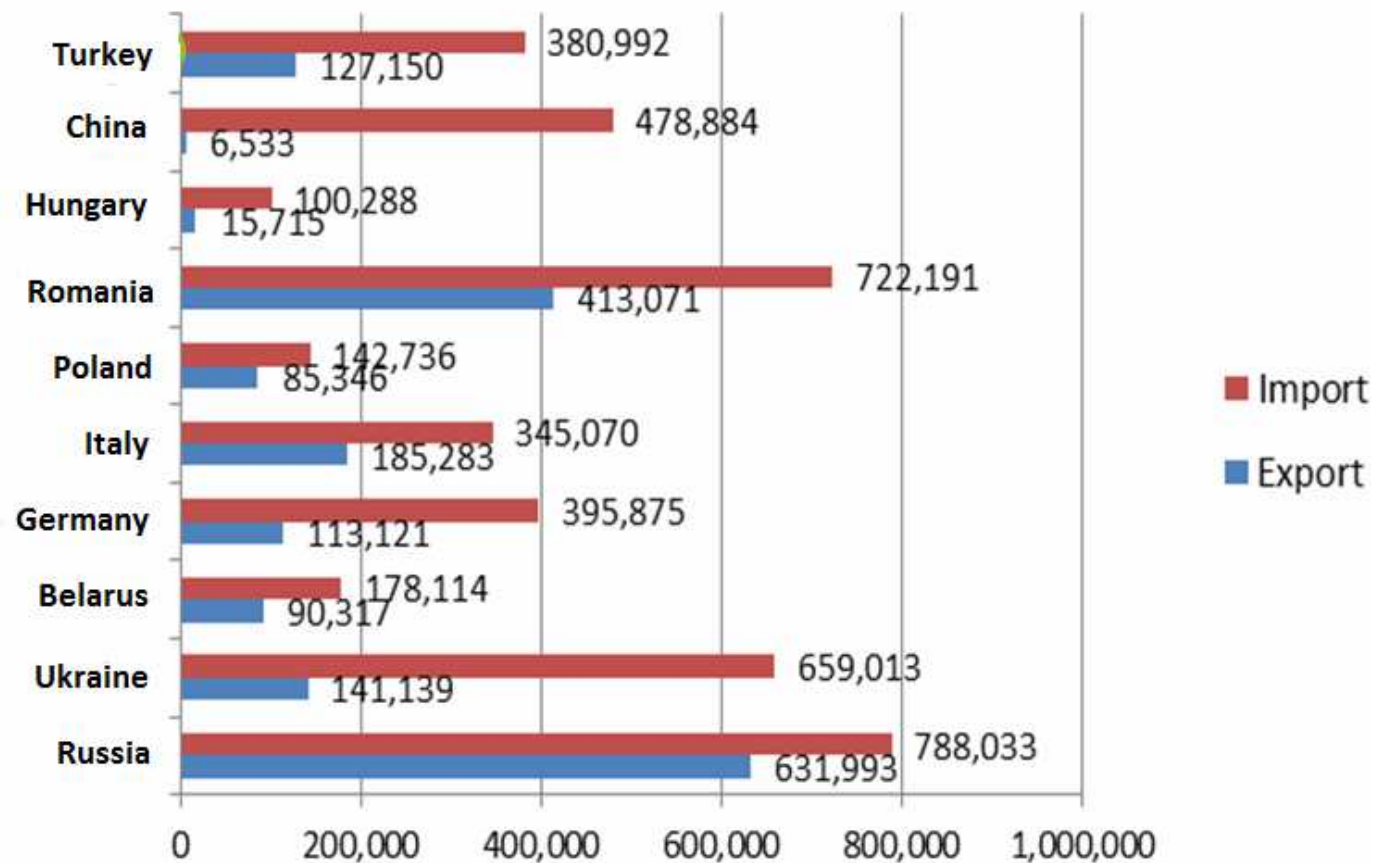
20 November 2014

Key facts about Moldova

Government	Republic
Population	3,56 mln.
Literate Population	96%
Working-age Population	2,98 mln.
Unemployment rate	5,1 % (2013)
Inflation Rate	5,7% (2013)
GDP, current prices	7,55 billion USD (2013)
GDP per capita	2 123 USD (2013)



Main trade partners, 2013, K USD

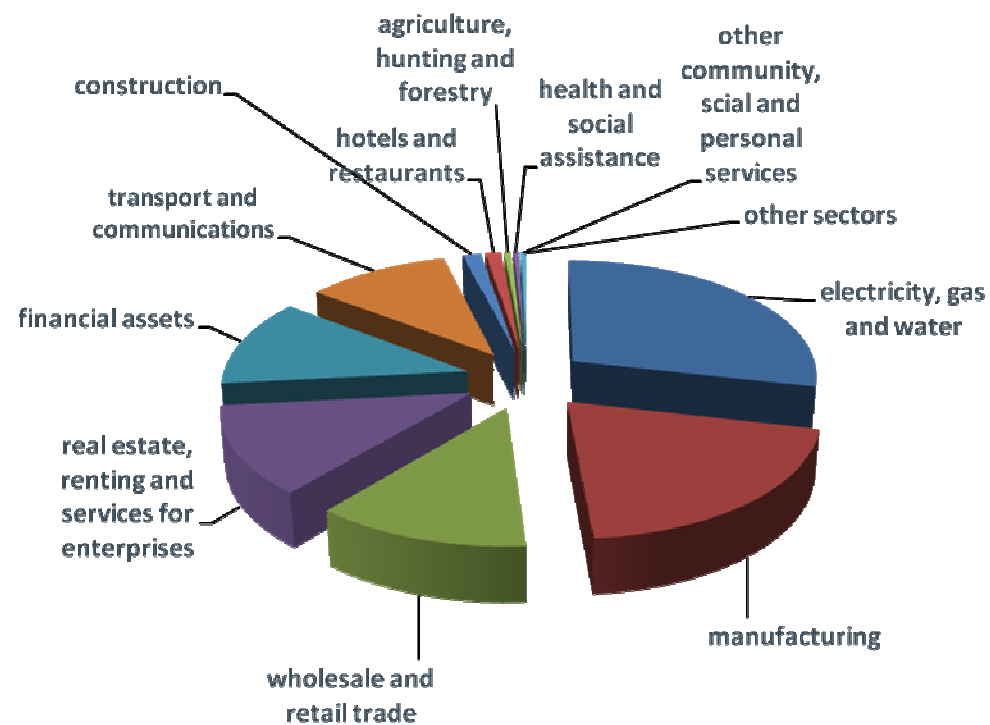


Top 10 sources of FDI, stock at 2013, USD

Country	Total stock
Russia	787,393,422
Netherlands	498,565,319
France	258,827,871
Spain	244,582,996
Germany	210,329,114
Cyprus	204,686,844
Romania	174,431,646
Italy	173,330,911
Great Britain	112,960,186
U.S.A.	90,669,563

FDI by sectors, stock at 2013, USD

Sector	Total stock
Electricity, gas and water	945,540,787
Manufacturing	670,413,329
Wholesale and retail trade; repair of motor vehicles, motorcycles, household and personal goods	409,018,045
Real estate, renting and services for enterprises	404,587,855
Financial assets	398,668,249
Transport and communications	354,286,067
Construction	44,930,223
Hotels and restaurants	39,869,108
Agriculture, hunting and forestry	17,209,245
Health and social assistance	14,972,764
Other community, social and personal services	11,927,764
Other sectors	1,027,869
TOTAL	3,312,451,097



Moldova's main pull factors for FDI

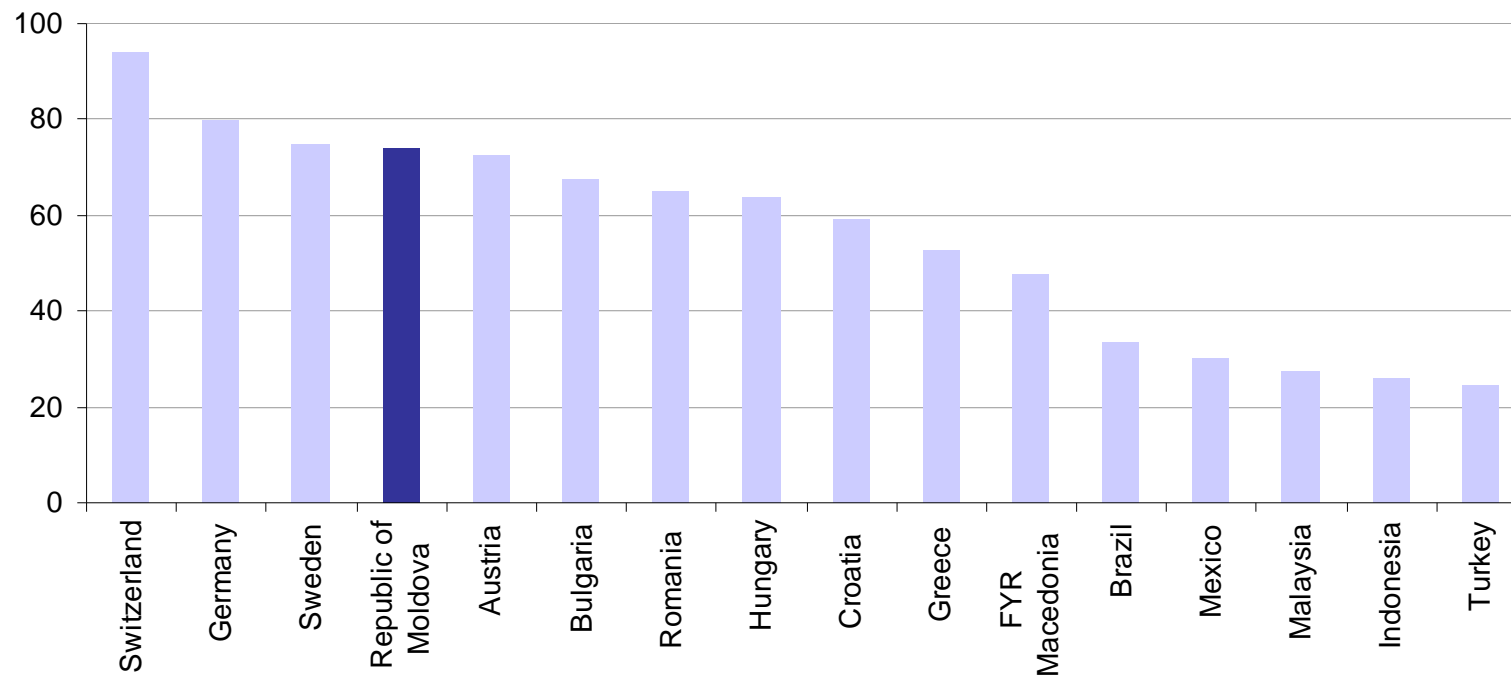
- Free Trade Agreements - 42 free trade agreements in force;
- Investment Protection Agreements (39)
- ICT – the ICT sector accounts for 8% of the GDP. Within the top 20 for average Internet connection speed;
- Taxes - one of the lowest tax burdens in the region. The corporate tax - 12%;
- Skills – Moldova ranked 45 of 142 countries in the Global Innovation Index ranking; multilingual labor force

An open economy

- **CEFTA member**
- **DCFTA EU-Moldova**
- **WTO member since 2001**
- **Diversified trade and FDI among EU, CSI and other countries**
- **No visa requirements for EU nationals and other 70 countries**
- **International Centre for Settlement of Investment Disputes (ICSID) member**

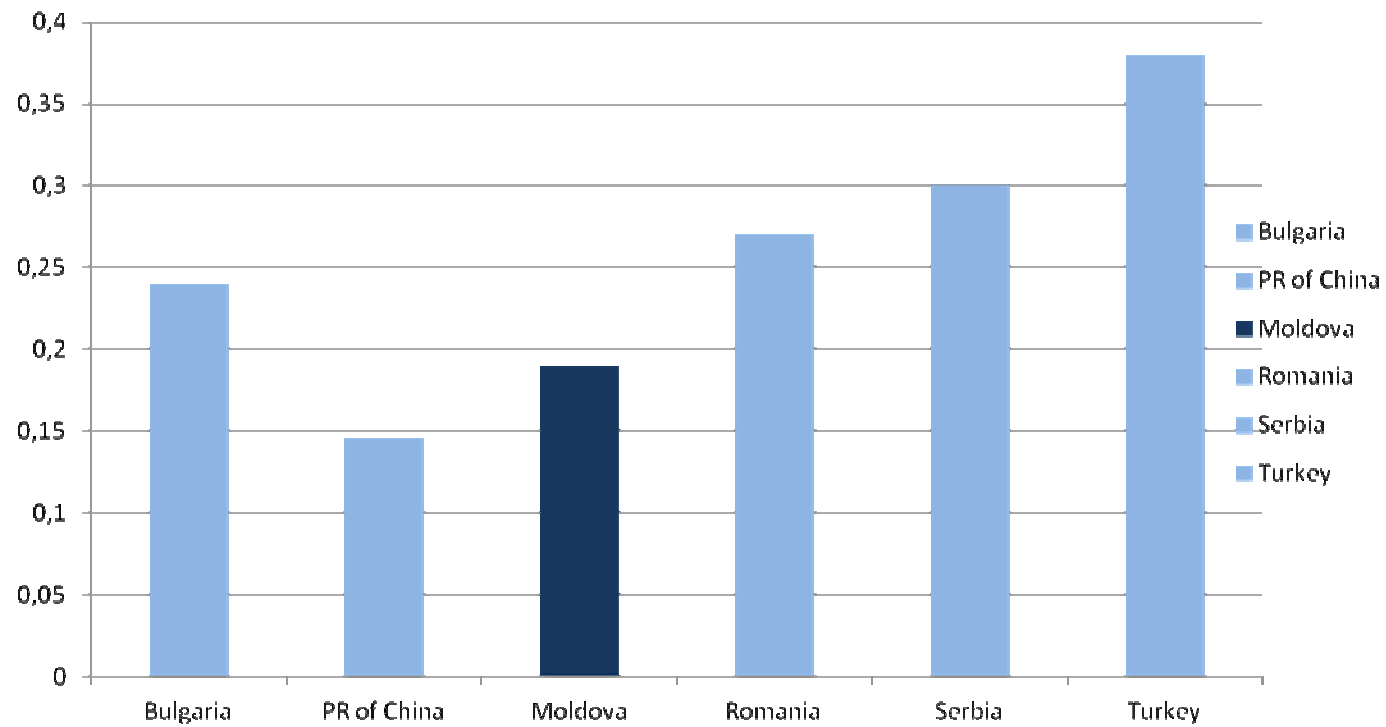
Quality of Labor Force

Education level, % of population with upper secondary education and above



Source: UNESCO Institute for Statistics (April 2011)

Competitive Production Costs



Source: Spelleken Assoc. and Avanz Experts' Panel

Moldova's comparative advantages

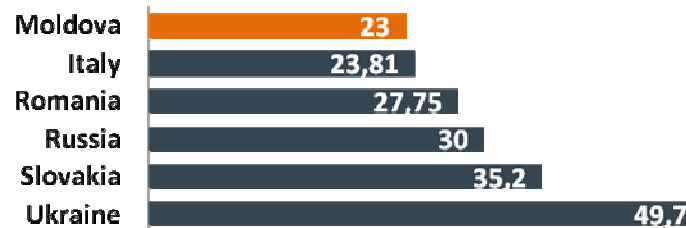
Corporate income tax (CIT)



Value added tax – standard rate



Social insurance contributions



High-potential Sectors

- **Agriculture & Food processing** – small scale manufacturing;
- **Textile and Automotive** – near term, job creation priority;
- **Machine-building** - pumps, prototype-manufacturing, testing equipment;
- **Life sciences based industries** – long term, high value added priority: bio-pharmaceuticals, bio-cosmetics, renewable energy;
- **Information and Communication Technologies**

Agriculture



Viticulture and Wine



Fruits and Vegetables



Cereal Crops



Walnut Growth
and Sorting



Sugar Production



Oleaginous Plants



Organic Farming

Success Stories

Südzucker AG – Sugar, Biogas Production;

TRANS OIL GROUP - Vegetal Oil Production;

BECK-CIMISLIA - Agricultural Trailers;

Efes Beverage Group – Beer, malt and soft drinks;

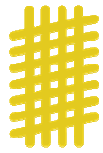
LACTALIS ALBA – Dairy products;

NATUR BRAVO – fresh fruit processing;

Opportunities – Agriculture & Food industry

- **¾ of the country's area - agricultural land**, 72% is arable land;
- **Fertile soil:** ¾ arable lands are “chernozem” (among the most fertile in the world);
- **Diffuse sector** - many small farmers;
- **Consolidation** - great opportunities for investors;
- **Specialization** in niche products (nuts, dried fruit, fresh fruit, wine sector, etc.).

Textile & Apparel



Textile



Apparel



Leather



Accessories



Footwear



Carpets

Success Stories

- We produce for world-known brands.
- Companies from Italy, Germany, Netherlands, France, Austria, Belgium, and Great Britain
- Relocation of production capacity to Moldova
- Cheap & efficient labour force;
- Attractive tax: Free Economic Zones;
- Proximity to the EU and CIS countries;

Automotive Industry

Success Stories

- **Prevent** (Seating/trim) – first automotive supplier in Moldova, production since 2000;
- **Lear Corporation** (Seating/ trim) – 1st plant in 2010;
- **Draexlmaier Automotive** (wiring harnesses) – 1st plant in 2007, 2nd plant in 2009, 3rd plant planned for 2014;
- **Gebauer & Griller** (cables) – plant construction 2012;
- **Leoni** (wiring harnesses)
- **4 other** currently in decision process.



Cable assemblies,
and wiring
harnesses



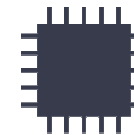
Car seat
covers, trim



Foams/
Felts



Carpets/
Rugs



Electronic
components
and systems



Fastening
systems
(seatbelts)



Rubber
components



Injection/M
olded parts

Information & Communication Technologies



ICT SECTOR MOLDOVA – A DYNAMICALLY GROWING SECTOR

The ICT industry has registered a rapid growth in the previous six years, with a volume of 7.7 mlrd lei in 2012 and with a significant contribution to the country's GDP (8.9% in 2012). The export volume of software products has increased almost four times between 2007 and 2013.



STRONG UNIVERSITY PROGRAMS WITH SPECIALIZATIONS IN IT AND RELATED SCIENCES

Almost 18 educational institutions offer studies in IT related services. Yearly, 3.000 students graduate with a degree in computing and related fields. Another 8.500 have math or engineering degrees.



LOW OPERATING COSTS AND ATTRACTIVE INCENTIVES

The general cost of doing business in Moldova is very competitive due to the low administrative, rent and utility expenses. The corporate income tax is as low as 12%, while incentives for the IT sector exempt from most taxes on salaries above 680 USD.



EXCELLENT LANGUAGE SKILLS

Languages are a great advantage. Moldova's population speaks Romanian, Russian, English, German, French and other European and international languages.



SKILLED AND COST EFFECTIVE WORKFORCE

IT sector employs over 22.000 people, with an average monthly salary of 650 USD (9000 lei in 2013).



SOLID GOVERNMENT SUPPORT OF THE SECTOR

The Moldovan Government has a strong agenda to ensure the continuous development of the ICT sector by creating necessary opportunities for the businesses and offer investment incentives to promote competitiveness, including at the international level.

Opportunities – IT & Communications

- **A rapid development pace;**
- 33% penetration of **fixed telephony;**
- 113% penetration of **mobile telephony; 3 operators; 3G, 4G**
- High penetration of **cable TV;**
- Broadband **Internet** and **IP TV** – opportunity;
- **Qualified human resources.**

We're making progress

- Moldova came second in a list of top 10 reformers in Doing business 2012
- Moldova is one of the top performers in e-Government advancement

Solutions for Business



- **Best Cloud Project in Central & Eastern Europe Award, "Best m-Government", United Nations Public Service Award for "increased transparency in the decision-making process."**



MIEPO

Moldovan Investment and Export Promotion Organization

MIEPO's Activities

- 1) **PEOPLE** - Export manager generation development
- 2) **SKILLS** - Export capacity building of SMEs and industry organizations
- 3) **EXPORT** – Coordination of the international trade promotion
- 4) **INVESTMENTS** - Investment attraction activity coordination
- 5) **BRAND OF MOLDOVA** - Development of Moldova economic brand



How we can help at MIEPO

Inward investor service

- **Consulting & research**
- **Opportunities identification**
- **Business match-making**
- **Policy Advising (state entities)**
- **After-care & Advocacy**



Thank you!

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