

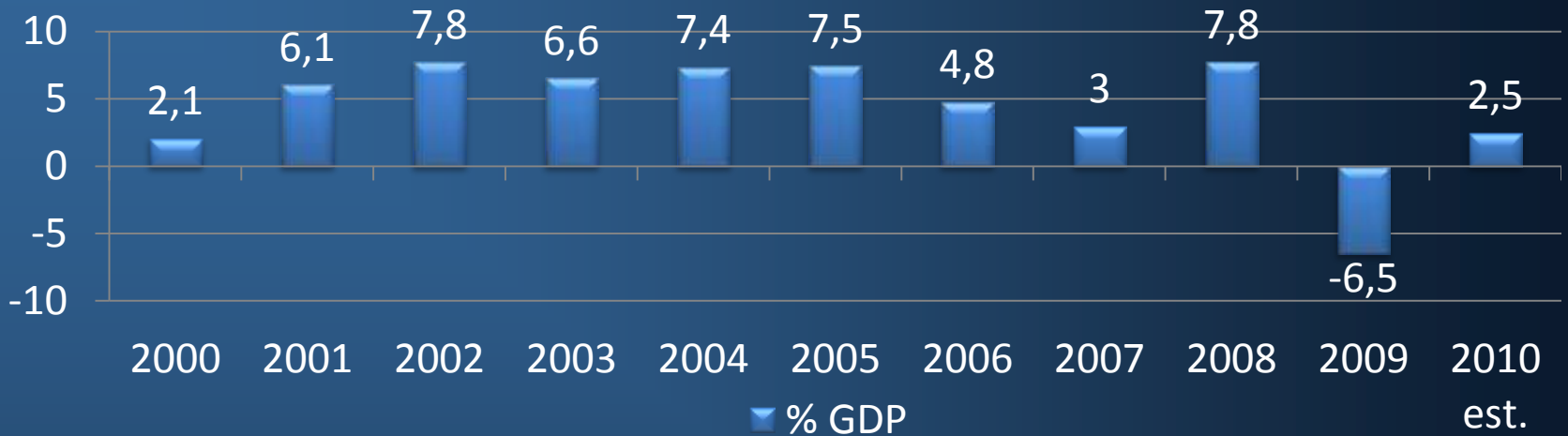


Moldova – Turning Crisis Challenges into Opportunities

Mr. Valeriu LAZAR

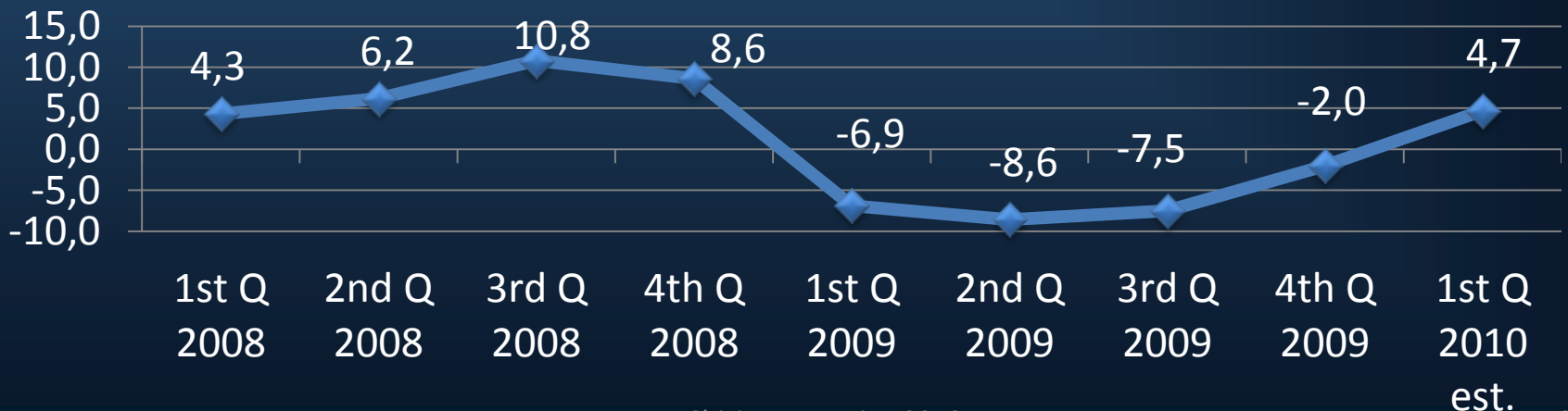
Deputy Prime Minister, Minister of Economy
of the Republic of Moldova

Economic Downturn 2009



GDP ... is the crisis over?

Q positive or negative growth rate compared to previous year's similar period, in %



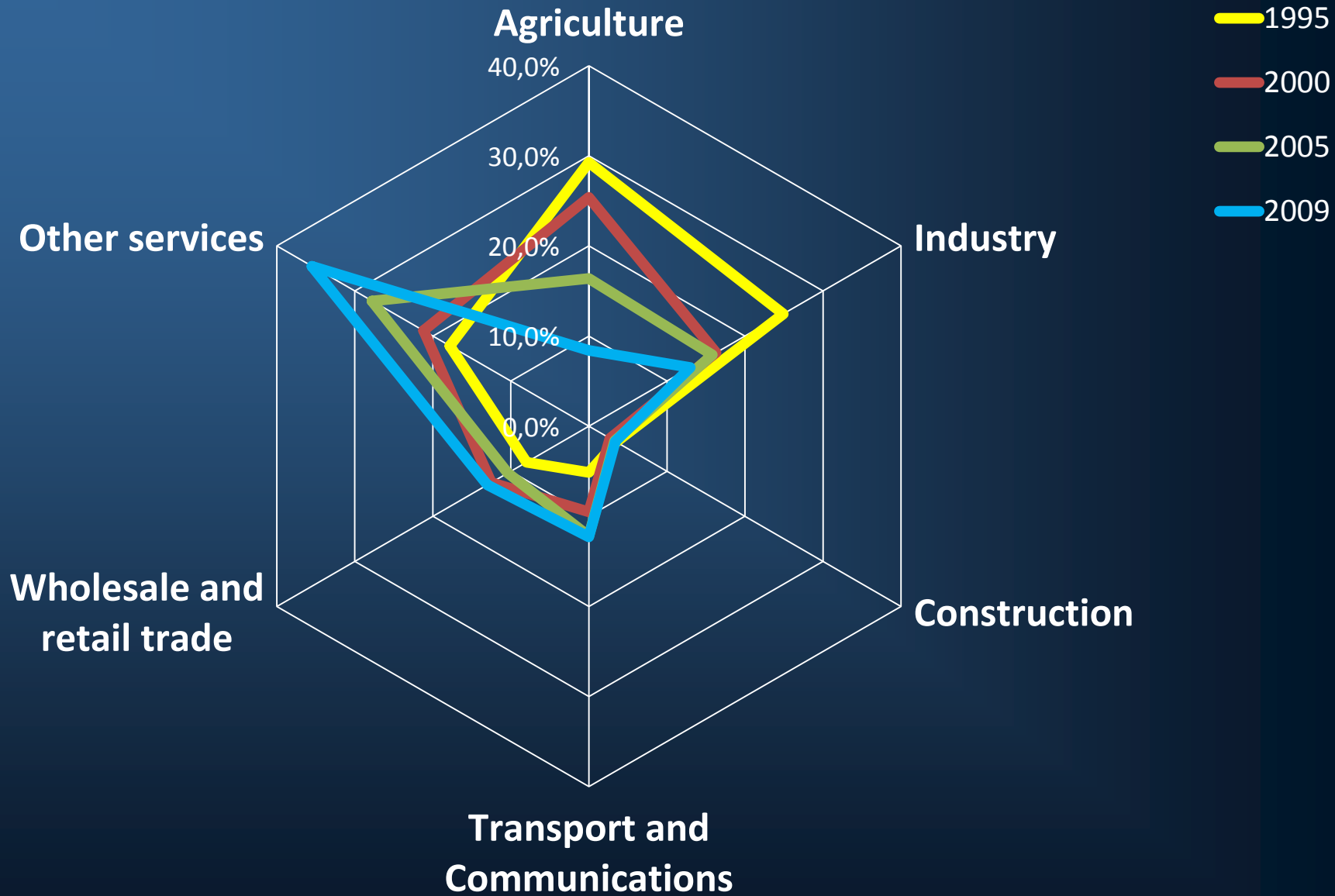
World Crisis Impact, 2009



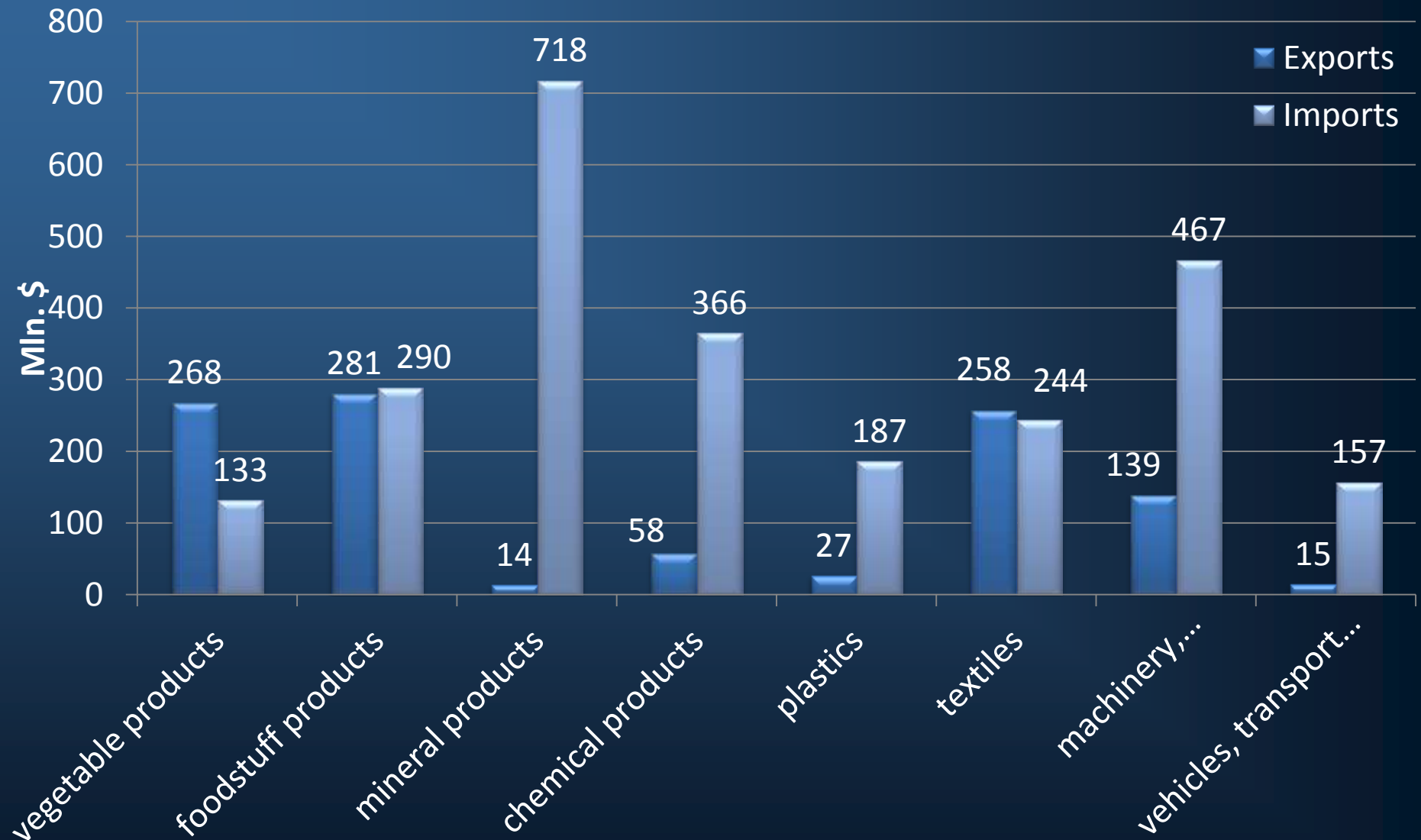
Stagnation of the important economic sectors

- Decline in GDP of 6.5%
- Foreign direct investments decreased 9 fold
- Remittances decreased with 36% and amounted to \$1,182 bn.
- Public budget deficit increased 7 fold and represented 6.8% of GDP
- Unemployment increased 2 fold
- Exports of goods and services decreased by 19%
- Imports of goods and services decreased by 33%

Moldova – the structure of the economy

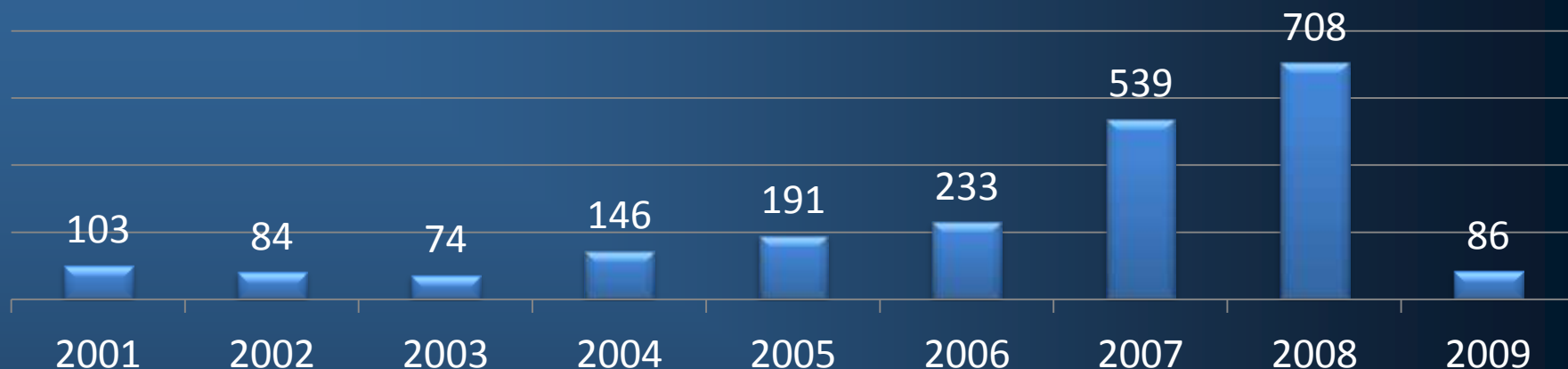


Foreign trade by type of product

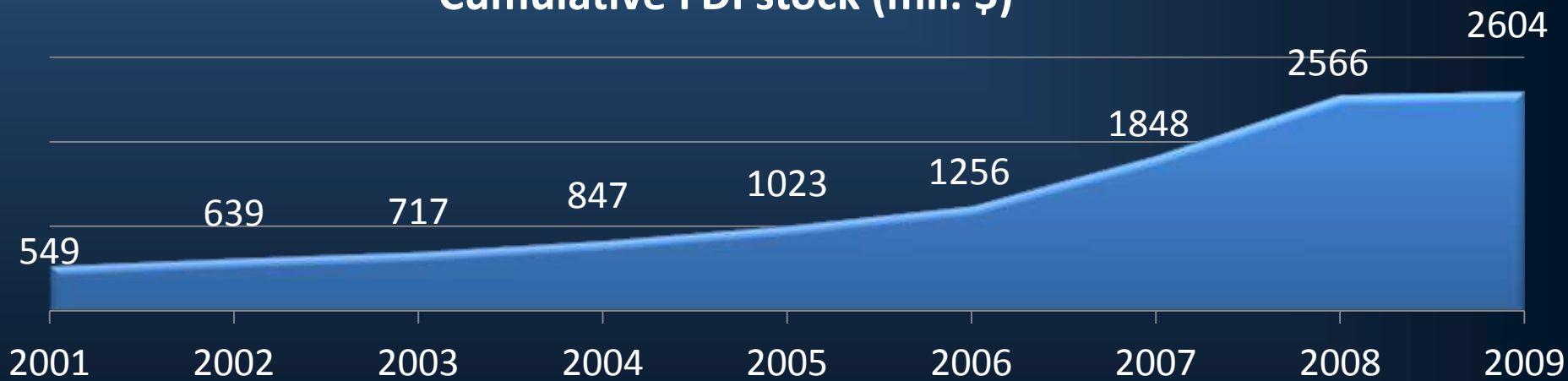


Foreign Direct Investment in Moldova

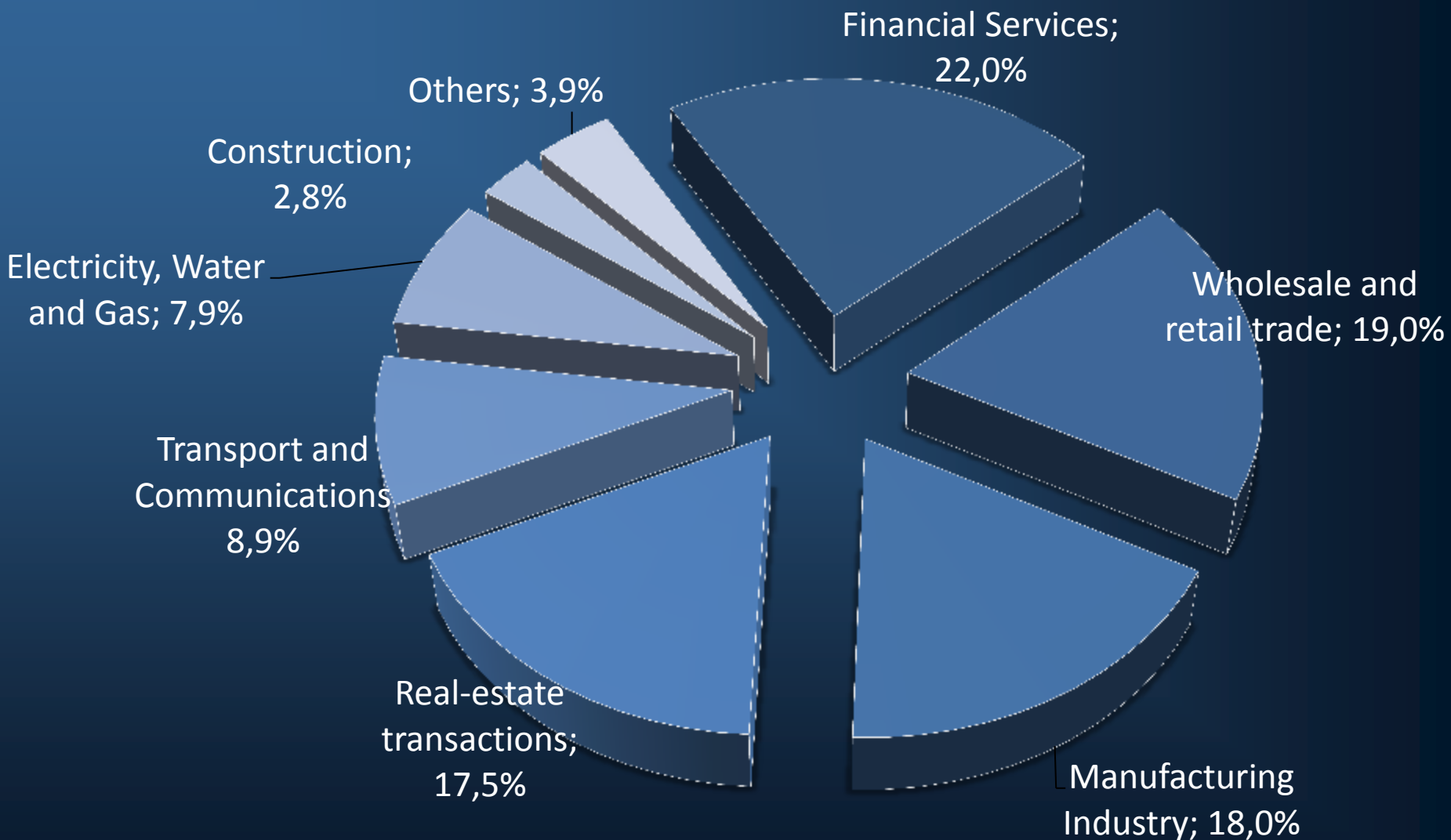
Yearly FDI net inflow (mln. \$)



Cumulative FDI stock (mil. \$)



FDI Structure



Actions taken for crisis overrun

Improved business environment and incentives for Private Sector Growth:

- De-monopolisation of Exports and Imports;
- Simplification of licensing procedures;
- Elimination of 117 products subject to compulsory certification.

Infrastructure Investments:

- Transport rehabilitation;
- Road investment;
- Energy infrastructure;
- Water sector.

Economic Recovery Trends

Macro-economic indicators for the 1st Q 2010

- GDP increased by 4.7%
- Agriculture increased by 10.6%
- Services provided to the population increased by 6.4%
- Exports increased by 12% & Imports increased by 1.3%
- Retail sales of goods increased by 6.2 %
- Incomes & Expenses of public budget increased by 12.2%

...but,

- Investment into fixed capital decreased by 23,4%



Target indicators we aim to achieve

Indicators	2010	2011	2012	2013
GDP compared to the previous year in comparable prices,%	102,5	103,6	105	105
Consumer price index at the end of the year,%	110,8	106,0	105,0	104,0
Export compared to the previous year,%	113	107	112,5	114
Industrial production compared to the previous year in comparable prices,%	107	107,5	108	107,5
Fixed capital investments compared to the previous year in comparable prices,%	113,0	110,0	110,0	109,0

Rethink, Reform, Reload - Moldova

Challenges:

- manage the current crisis
- develop a new strategy for sustainable and balanced economic growth

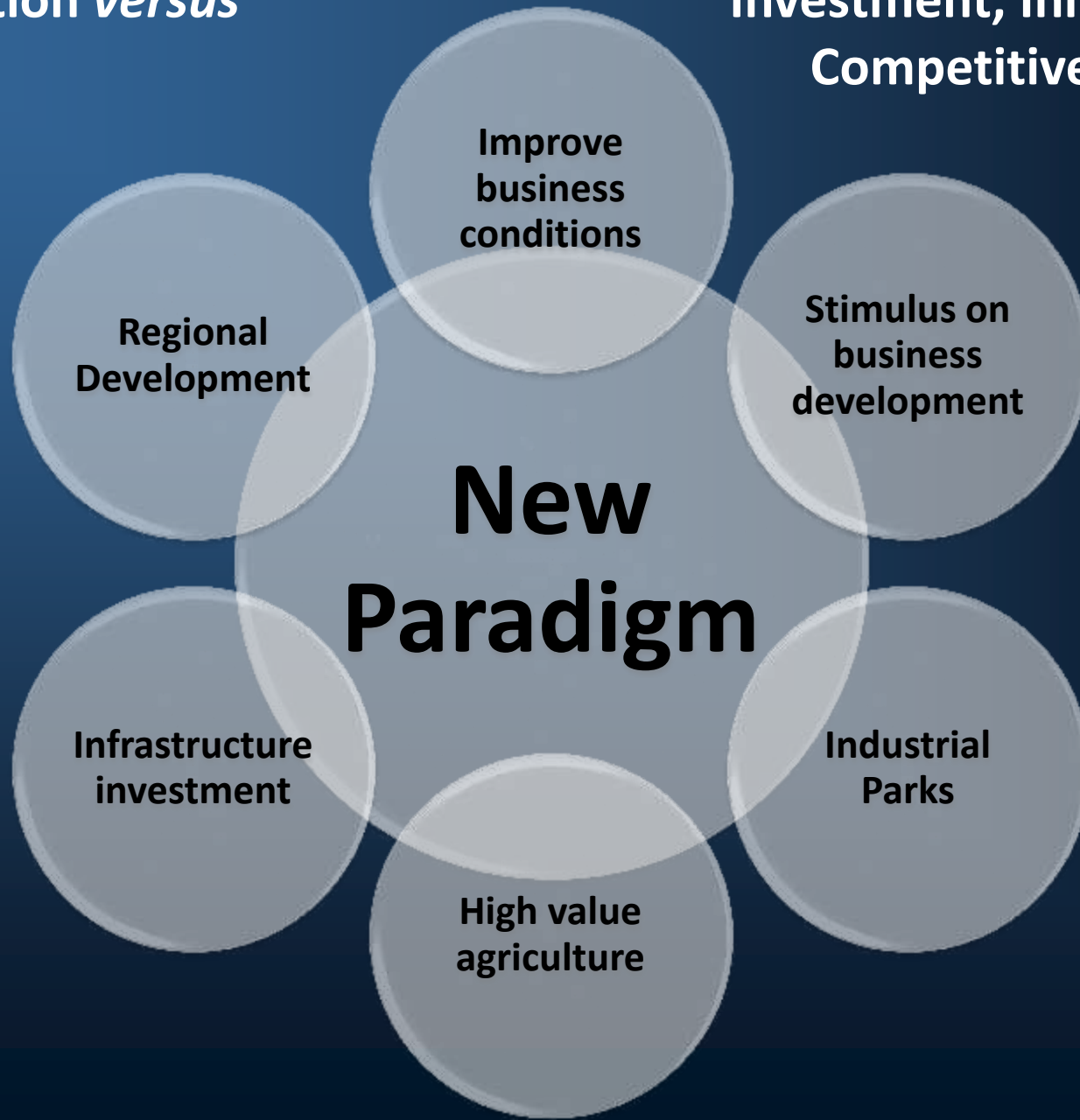
The Rethink Moldova programme is focused on:

- European integration,
- Economic recovery,
- Public governance reform,
- Restoration of investors' confidence,
- Investments in human capital,
- Reunification of the country.

New Economic Paradigm:

Consumption *versus*

Investment, Innovation,
Competitiveness



Investment priorities

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

Why Moldova?

- Improvement of investment climate
- Equal treatment of investors

- EU – 501 mln.
- CEFTA – 31 mln.
- CIS – 276 mln.

Openness to
FDI

Market
Access
808 mln.
customers

Outstanding
Fiscal
Incentives

Competitive
Labour &
Operational
Costs

- VAT refund for LT investment
- 0% Corporate Income Tax ,
→2011
- 10% Corporate Income Tax,
2012→
- DTAA with 39 countries

- Moldova 1,1 €/hour
- Ukraine 2,0 €/hour
- Romania 4,0 €/hour
- Bulgaria 4,0 €/hour

Why Moldova? (cont.)

- VAT & Excise Exemption
- Customs Tax Exemption
- Production infrastructure

Great opportunities in 7 FEZ, GIFP, FIAM

Great perspectives for PPP projects

- Risk sharing
- Elimination of over-regulation
- Strategic sectors : transport, energy, water, & waste management

Developed Banking Sector

Industrial Parks

- 15 commercial banks
- Foreign investors' presence

- Free land destination change
- Free state land transfer to administrator company
- Limited & controlled state inspections

The Government of the Republic of Moldova is open for effective partnership and investment proposals.



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