

# U.S. Country Commercial Guides



Moldova  
2020

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## **Doing Business in Moldova**

### **Market Overview**

Moldova, a small, landlocked nation of approximately 3 million, is one of the poorest countries in Europe, with a per capita GDP of USD 4,498.52 (2019). The economy has been growing at an average rate of 4.6 percent annually over the past 20 years. The agricultural sector and food industry dominate the economy, with remittances playing a major role—10 percent of the annual GDP—in fueling consumption. Foreign trade has increased considerably since the country's independence.

Since gaining independence in 1991, Moldova has made some progress in adopting free-market economic reforms and enshrining democratic principles in its institutions. As a result of Russian-imposed import restrictions on Moldovan goods, exports shifted away from markets in the Commonwealth of Independent States (CIS) in favor of European markets.

Moldova's business and investment climate still present significant challenges for those wishing to invest in or export to Moldova. Moldova's tumultuous political situation in 2019 hindered foreign investment. In early 2020, the government successfully completed a \$178 million IMF program and implemented some necessary financial sector reforms. The economic consequences of the COVID-19 pandemic hit the country hard, as Moldova's unemployment increased, diaspora returned, and remittances plummeted.

The government continues to deal with the fallout from a massive bank fraud in 2014, when more than a billion dollars was stolen from Moldova's state coffers. The government must continue to implement reforms, investigate and prosecute those responsible for the fraud, and tackle the pervasive corruption that continues to undermine public trust and slow economic development.

A member of the WTO since 2001, Moldova has signed free trade agreements with a number of countries, including those of the former Soviet Union. In December 2006, Moldova joined the Central European Free Trade Agreement (CEFTA). In June 2014, Moldova and the EU signed an Association Agreement (AA). Part of the AA is the creation of a Deep and Comprehensive Free Trade Area (DCFTA) over a period of ten years. The DCFTA removes most import duties and supports regulatory harmonization between Moldova and the EU. Moldova signed a Free Trade Area (FTA) Agreement with Turkey in 2014.

Moldova benefits from its proximity to two large markets: the European Union, which absorbs over 65 percent of the country's exports, and the Russia-dominated CIS, which accounts for 15 percent of Moldovan exports. Primary exports include food and beverages, agricultural products, apparel, and transport equipment.

Moldova's main imports include: energy resources, natural gas, petroleum products, machinery, vehicles, and chemicals. Most consumer goods and inputs are also imported from abroad.

The government does not control the separatist region of Transnistria, a sliver of land on the eastern border with Ukraine. Although the region maintains a separate monetary unit and its own army and customs service, businesses on both sides engage in economic cooperation. Negotiations have been held under the so-called "5+2" format (Moldova, Transnistria, OSCE, Russia, and Ukraine + United States and EU) to find a settlement. While there has not been a resumption of hostilities since 1992, relations between the two sides remain contentious.

### **Market Challenges**

Although the government has declared its commitment to reform, pervasive corruption remains an obstacle for investment and business development in Moldova. Vested political and economic interests—coupled with the prevalence of informal relationships, weak governance, particularly in the financial sector, and a corruption-prone court system—have stalled progress.

Moldova is struggling with the legacy of a large bureaucracy, which enjoys significant discretionary power. Corruption and bureaucracy stifle entrepreneurship as well as the economic reform that a vibrant private sector would demand. The government has taken steps to introduce laws and regulations in harmony with EU legislation, but must do more to make local legislation and practices fully compliant with EU standards. Businesses still face cumbersome licensing procedures and excessive authorization requirements.

Persistent challenges over the years have been an aging population and a dwindling labor force.

Intellectual property rights (IPR) legislation is quite advanced, however, IPR enforcement remains weak.

The large inflow of remittances has led to consumption-based growth, which exposes the economy to risks during regional downturns. Dependence on Russian energy imports and an economy that is still inefficient in energy use are challenges. Weather-related events such as drought and flooding pose a constant risk to the agricultural sector.

Another challenge is Moldova's relatively small market size.

### **Market Opportunities**

Bordered by Romania to the West and Ukraine to the East, Moldova is close to the EU and CIS markets, with which the country has FTA arrangements. Free Economic Zones, with their tax incentives and duty free import of inputs, represent a good opportunity to set up export-oriented manufacturing sites. A number of large international companies, such as Lear Corporation and Dräxлмаier, have taken advantage of this opportunity.

Given Moldova's high agricultural potential, food processing holds significant opportunities. Demand for agricultural machinery, irrigation equipment, cold storage, sorting and processing lines is high. With assistance from the international community, the government has focused on developing high-value agriculture, tourism and wine. There is demand among domestic consumers for processed foodstuffs, used automobiles, and aftermarket accessories.

Renewable energy and energy efficiency are another area of interest. A number of internationally-supported projects in energy and road infrastructure are under way. These projects enjoy the financial support of the European Union, the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), and the World Bank. There is also potential for support from the Development Finance Corporation. There are opportunities in areas linked to engineering, road construction, energy distribution and transmission infrastructure (e.g., interconnections), advanced power grid technologies, transformer stations, electric cables, wiring and piping.

Information and communication technology is another growth area. The government has been promoting the development of the industry with the passage of a law on IT parks, introducing the novel idea of "virtual residence."

The government intends to assess and potentially sell off some state-owned assets. More information could be found at the Public Procurement Agency [here](#).

### **Market Entry Strategy**

Good local representation is recommended before entering the Moldovan market. Consulting with U.S. companies already in the market, as well as with the U.S. Embassy and business organizations such as the American Chamber of Commerce in Moldova (AmCham Moldova), is the best way to assess the market and prospective partners. Conducting due diligence helps minimize risks involved in any business transaction.

Given the tenuous commercial environment and weak legal infrastructure, it is essential to obtain solid legal advice in structuring your company's investment. Furthermore, it is important to keep up with Moldova's ever-changing laws and regulations. Legal counsel can provide general advice on fluctuations in the commercial environment in Moldova and prevent disputes from emerging between partners. Moldovan laws and regulations are vague and open to considerable leeway in interpretation, providing opportunities for corruption by officials at every bureaucratic level.

## Leading Sectors for U.S. Exports and Investment

### Agriculture

#### Overview

High value agriculture remains underdeveloped and offers a market niche for foreign investors. Agriculture has traditionally been and remains the main pillar of the Moldovan economy. The country has favorable soil resources and conditions for agricultural production. The black fertile soil in Moldova is ideal for growing fruit and vegetables. A moderate continental climate with short and relatively warm winters and long hot summers permits early planting, giving producers a strong competitive advantage. Moldovan farmers have experience in a wide variety of agricultural activities. These factors, combined with an affordable labor costs, especially in rural areas, favor the production of high-yield, labor-intensive crops that are competitive in export markets.

Farm lands cover 2.48 million hectares or 75 percent of the country's territory, including 1.82 million hectares of arable land. The agricultural sector employs over 27 percent of country's labor force and agricultural production usually accounts for around 12 percent of Moldova's GDP. Combined with the food processing industry, the sector represents more than 16 percent of GDP and approximately 45 percent of total exports.

The GOM supports private land ownership, but foreigners are not allowed to purchase agricultural land.

More than one million tons of fresh fruits and vegetables are produced annually, with 80 percent of the total production taking place in individual households. Ninety percent of locally processed fruit and vegetables are exported.

Moldova offers a large range of agricultural products, such as fruits, vegetables, grains, and livestock. Basic crops include winter and spring grains (wheat, barley, maize), sunflowers, sugar beet, potatoes and other root vegetables, horticultural crops, and fruits.

Moldova's vegetable crops include tomatoes, onions, cabbage, cucumbers, pumpkins, peppers, carrots, red beets, garlic, squash, eggplants, potherbs, and green peas. Fruit production concentrates on apples, plums, sweet and sour cherries, pears, peaches & nectarines, quinces, apricots, soft fruit, walnuts, and table and wine grapes.

The main products in the Moldovan livestock sector are poultry, pork, and beef.

#### Leading Subsectors

Leading agricultural subsectors are fruits and vegetables (fresh, dried or frozen), fruit and vegetable processing, organic farming, walnut production, bioenergy production, berry production, the oleaginous plant industry, livestock production, and wine.

#### Opportunities

Opportunities include orchards, vineyards, wineries, vegetable growing in open fields and greenhouses, industrial crop production, etc. Processing is one of the most important and attractive investment categories. Equipment and technology are required for storage, packaging and long distance transportation of fresh products; drying; instant freezing; canning; and the production of ingredients and additives. Other related activities of interest include input supplies. Irrigation, packaging and processing equipment, and agricultural machinery offer other opportunities, as well as production and trade of planting materials and agribusiness leasing. There is increasing demand for organic products, creating opportunities for organic farming. Other niche opportunities include: services for product quality and safety standards in wineries; re-equipping of wineries; vineyard replanting; and expansion of wineries into the tourism industry.

## **Resources**

[Moldova Investment Agency](#)

[Ministry of Agriculture, Regional Development and Environment](#)

[Trade Shows at Moldexpo](#)

## Energy

### Overview

Moldova's energy sector relies heavily on imports of electricity and gas. The country produces only about 20 percent of its annual electricity consumption from natural gas-fired combined heat and electricity power plants. One hydropower plant, the Costesti Hydropower Plant. Moldavskaya GRES (MGRES) in the separatist region of Transnistria, supplies the vast majority of the remaining 80 percent of electricity. Moldova also imports some electricity from Ukraine, primarily for the purpose of system balancing. Moldova's natural gas consumption almost exclusively relies on Russian gas imports. MGRES converts Russian gas into electricity for sale to the right bank.

Moldova has committed to implement reforms embedded within the European Union's Third Energy Package, a suite of legislation adopted in 2009 aimed at creating integrated and competitive energy markets for natural gas and electricity. As part of the reforms, Moldova restructured and partially privatized its electricity distribution network, including Premier Energy, a private company that controls 70 percent of the country's electric distribution grid. The government plans to privatize the remaining state-owned electric distribution companies, RED Nord S.A., and the electric power supply company, FEE Nord S.A.

Moldova and Romania are cooperating to build an HVDC back-to-back (B2B) interconnector station, along with corresponding transmission lines, which will enable Moldova to physically connect with the Romanian grid and provide access to Romanian and, by extension, other European electricity markets. In concert with Ukraine, Moldova also plans to synchronously connect to the European Network of Transmission System Operators (ENTSO-E).

Moldova continues progress toward unbundling Moldovagaz, the vertically integrated natural gas monopoly, to comply with Third Energy Package requirements. Moldova is also working with Romania's Transgaz to complete the Ungheni-Chisinau Pipeline to facilitate further diversification in Moldova's gas supply. The pipeline should be fully operational in 2021.

The government is also exploring opportunities to enable commercial natural gas trade via "reverse flow" (both physical and virtual) through the Trans-Balkan pipeline on Moldovan territory, which could also position the country as a transit hub.

### Leading Sub-Sectors

Energy efficiency; renewable energy - wind energy, solar energy, and biofuels.

### Opportunities

Energy security is a priority for Moldova. High-voltage interconnections between Moldova and Romania require installation of a back-to-back station. International financial institutions, including the World Bank, the European Bank for Reconstruction and Development (EBRD), and the European Investment Bank (EIB) finance the majority of these projects. Further infrastructure investment and upgrades will be required for synchronous connection with Moldova and Ukraine to ENSTO-E. There is also potential for support from the Development Finance Corporation.

Implementation of the Third Energy Package in the gas sector will provide opportunities for natural gas supply and trade from alternative sources from Western Europe or neighboring Romania and Ukraine.

The government plans to diversify the energy mix with more renewable energy by supporting large renewable energy projects based on competitive procurement.

There are plans to privatize a number of energy assets in the following years, including the electricity distribution companies RED Nord S.A.



## **Resources**

[Moldova Investment Agency](#)

[Ministry of Economy and Infrastructure](#)

[Energy Efficiency Agency](#)

[National Agency for Energy Regulation](#)

[Public Property Agency](#)

[Trade Shows at Moldexpo](#)

## **Information and Communication Technology**

### **Overview**

Information and Communication Technology (ICT) is one of the most promising economic sectors in Moldova, accounting for more than 10 percent of GDP. Moldova has a strong cadre of current and emerging ICT professionals: over 2,000 students graduate with a degree in computing or a related field. Most Moldovan IT specialists speak at least one foreign language in addition to Romanian and Russian. Salaries remain competitive and some ICT companies struggle to retain skilled employees seeking higher paying jobs in the region.

Moldova could provide a competitive alternative to “traditional” IT destinations, especially as a location for software development or call centers. Moldova has one of the best—and cheapest—Internet connections in the world. Mobile network operators offer 4G connections; 5G testing started in 2019.

IT companies export about 80 percent of their total production. Major Moldovan partners in this area are the United States, the UK, France, Germany, the Netherlands, and Romania.

IT companies’ employees may benefit from personal income tax (PIT) incentives, such as a cap on certain monthly withholdings. PIT incentives are applicable only for salary income. Monthly social security contributions of IT companies are also limited to the income capped at two national average forecasted salaries. The Moldovan government has developed a Digital Moldova 2020 Strategy—a policy document laying out the government’s vision for the growth and future of Moldova’s ICT industry.

### **Leading Sub-Sectors**

Software development; local and international telephone services; and internet. The telecommunications market is dominated by the state-owned company Moldtelecom, with 96 percent market share in fixed telephony.

### **Opportunities**

Setup of international business call centers; software development; internet; mobile internet; IP Telephony services; and VoIP termination. State-owned Moldtelecom may undergo privatization in the following years.

### **Resources**

[Moldova Investment Agency](#)

[Ministry of Economy and Infrastructure](#)

[Moldovan Association ICT Companies](#)

[Public Property Agency](#)

[Trade Shows at Moldexpo](#)

## **Automotive Components**

### **Overview**

The automotive components industry is the fastest growing sector of the Moldovan economy in recent years. This is due to an increased focus on the unused industrial potential of Moldova and an industrial production focus in Moldova's education system (Technical University, technical colleges and vocational schools.) Moldovan workers have expertise in a variety of areas, ranging from TV set production to heavy machinery.

Some foreign investors prefer to locate operations in Moldova's Free Economic Zones (FEZ). Investors include: Lear Corporation, Dräxlmaier Automotive, Gebauer & Griller, Sammy Cablaggi / Kablem, Elektromanufacturing, Confezioni Andrea Covercar, LEONI, SEBN Sumitomo Electric Bordnetze, Fujikura Automotive, Coroplast Fritz Mueller, and APM Automotive. The COVID-19 pandemic has negatively affected the automotive sector, which relies heavily on regional demand.

### **Leading Sub-Sectors**

Production of cables, wiring harnesses for cars, car seat covers, plastic molding injection, metal processing, electronics and electronic components, and assembling.

### **Opportunities**

Free economic zones and industrial parks, where most automotive component businesses are situated, offer the best location for production facilities. Production sites located in these zones enjoy tax incentives and government guarantees. Geographical proximity and Free Trade Agreements with EU and CIS countries makes logistics fast, easy and reliable in all markets. Moldova has a competitive and well-educated labor force. It also has the lowest labor costs in the region, which could lead to labor shortages.

### **Resources**

[Moldova Investment Agency](#)

[Ministry of Economy and Infrastructure](#)

[Trade Shows at Moldexpo](#)

## **Textile, Apparel, Footwear and Leather Goods**

### **Overview**

The manufacturing of textile, apparel, footwear, and leather goods could provide an opportunity for investment. With over 450 enterprises, the sector represents nearly 22 percent of the country's total exports, 82 percent of which are exported to the EU countries. The sector employs more than 26,000 people, which represents 4 percent of Moldova's labor force. Most of these jobs are located in rural areas. Over 82 percent of employees are women. Labor costs are lower than in the region and Moldova's access to markets in CIS and the EU incentivizes locating production in Moldova. Production includes all types of knitted and women's apparel, lingerie and nightwear, protective clothing, and carpets. Many companies produce apparel for famous European brands, with exports going to Italy, Germany, Belgium, and the UK.

### **Leading Sub-Sectors**

Knitwear garments, woven apparel, carpets, footwear, handbags, leather goods and accessories.

### **Opportunities**

Strengths include access to EU markets, low labor costs, a relatively well qualified labor force, proximity to the CIS markets, and a growing demand for textiles in the region.

### **Resources**

[Moldova Investment Agency](#)

[Ministry of Economy and Infrastructure](#)

[Trade Shows at Moldexpo](#)

## **Customs, Regulations and Standards**

### **Trade Barriers**

While overall Moldovan customs and trade laws are in compliance with WTO requirements, inconsistent implementation of WTO rules sometimes remains a barrier to trade. These inconsistencies, such as the imposition of arbitrary requirements for additional certificates or permits, import restrictions for alleged food safety reasons, informal use of quotas on some imports, or discriminatory treatment of companies importing foreign-manufactured goods, can also present non-tariff barriers to trade.

### **Import Tariffs**

Wedged between Romania and Ukraine, Moldova actively promotes free trade with its immediate neighbors and main trade partners. Moldova was among the first CIS countries to join the WTO in July 2001. Moldova's tariff policy is based on the trade regime and norms established by the WTO. Moldova grants at least MFN treatment to all its trading partners.

Moldova is a member of the CIS free trade agreement. It adheres to the multilateral Central European Free Trade Agreement (CEFTA), which comprises, besides Moldova, Albania, Bosnia and Herzegovina, Croatia, Kosovo, Macedonia, Montenegro, and Serbia. On June 27, 2014, Moldova and the EU signed an Association Agreement (AA) and Deep and Comprehensive Free Trade Area (DCFTA) and have applied it provisionally since September 1, 2014. Moldova's AA/DCFTA came fully into force on July 1, 2016 following ratification.

As a member of the World Customs Organization, Moldova applies import tariffs on goods classified pursuant to the international Harmonized Commodity Description and Coding System (HS). Customs duties are assessed on the value of goods (ad valorem duty), in-kind quantity or a combination of the two. The ad valorem customs duty has the widest application, ranging from zero to 25 percent of the value of imported items. Duties assessed on the in-kind quantity of goods, called specific duties, are usually applied to alcohol and tobacco items. A combination of the two is applied to a range of imported meat products. Besides the customs duties, the Moldovan Customs Service may also levy so-called exceptional duties – safeguard duty, anti-dumping duty or countervailing duty. The only exceptional duty applied in the past was a safeguard duty on sugar imports.

The average rate of customs duties is 5.3 percent for all goods. The average rate is 4.4 percent for manufactured products and 11.1 percent for agricultural products. At the same time, Moldova applies a zero percent rate on almost 50 percent of products in the tariff schedule.

In addition to import tariffs, imported goods are usually subject to a 20 percent value added tax. Some categories of goods are subject to an 8 percent rate. Customs may assess excise taxes on certain goods. Also, companies must pay customs processing fees, which are determined on a case-by-case basis and depend on the value and final destination of goods, but the general rule is to apply a 0.4 percent fee on the value of processed goods.

For more information please see [www.trade.gov.md](http://www.trade.gov.md).

### **Import Requirements and Documentation**

The person conveying goods and vehicles across a customs border or the authorized customs broker representing an importer must declare goods and vehicles for customs clearance. Importers must submit customs declarations in writing within 72 hours following importation into the customs territory of Moldova or electronically at least one hour before the vehicles and goods are presented at the border. A customs declaration must be filled out for every commercial invoice. A customs declaration has to be accompanied by a commercial document such as the contract

or invoice; transport document and the permissive act (licenses, and other authorizations, which will vary depending on the product.)

Agents must pay import duties prior to submitting the customs declaration. All business and customs brokers should obtain an “electronic signature” from the Special Telecommunications Center to access the electronic customs clearance on import and export. Following payment of import duties, agents can electronically sign and register their cargo via the customs information system Asycuda World.

Licensed customs brokers can help navigate the complex procedure of customs clearance, reduce interaction with customs, and prevent extra costs because of insufficient knowledge of all relevant regulations. A list of licensed customs brokers can be found [here](#).

Upon request, Moldovan Customs may issue a so-called Authorized Economic Operator (AEO) status to any businesses that meet a set of reliability criteria. The AEO status allows businesses to enjoy simplified clearance procedures, priority at border crossing, fewer customs controls, fewer formalities to be met, etc.

### **Labeling and Marking Requirements**

The Law on Consumer Protection prohibits the import and sale of products and services without complete, truthful, and correct information in Romanian. This, however, does not translate into an outright ban on the import of products that do not carry labels in Romanian. Importers have the option of committing goods to customs bonded warehouses and affixing the legally required labels on products in order to get customs clearance for imported goods.

Moldovan legislation requires that manufacturers (or packaging companies) present information about the name of the product, name and mark of the manufacturer (or importer), company location, weight or volume, main qualitative characteristics, composition, additives, country of origin, validity period, date of production, guarantee period, relevant hazards as well as prescriptions for use, handling, warehousing, preservation, and storage.

Durable goods have to be accompanied by a warranty certificate, technical specifications and operations manual.

The labeling of food products is regulated by a separate law. Besides the information mentioned above, labels should also carry information about ingredients. In addition, labels must carry information about the following foods and ingredients known to induce hypersensitive reactions regardless of their quantity:

- cereals that contain gluten, e.g. wheat, barley, rye, oat or hybrids and products thereof;
- crustaceans and products thereof;
- eggs and products thereof;
- fish and products thereof;
- peanuts, soya and products thereof;
- milk and dairy products, including lactose;
- walnuts and products thereof;
- sulfites in concentrations of 10 mg/kg or more.

Moldovan legislation has specific information requirements for labels on foods, which may vary by the type of food, ingredients used and production technologies. Additional requirements are contained in technical regulations.

### **U.S. Export Controls**

The United States imposes export controls to protect national security interests and promote foreign policy objectives related to dual-use goods through implementation of the Export Administration Regulations (EAR). The Bureau of Industry and Security (BIS) is comprised of two elements: Export Administration (EA), which is responsible for processing license applications, counselling exporters, and drafting and publishing changes to the [Export](#)

[Administration Regulations](#); and Export Enforcement (EE), which is responsible for the enforcement of the EAR. BIS works closely with U.S. embassies, foreign governments, industry, and trade associations to ensure that exports from the United States are secure and comply with the EAR. BIS officials conduct site visits, known as End-Use Checks (EUCs), globally with end-users, consignees, and/or other parties to transactions involving items subject to the EAR to verify compliance.

An EUC is an on-site verification of a non-U.S. party to a transaction to determine whether the party is a reliable recipient of U.S. items. EUCs are conducted as part of BIS's licensing process, as well as its compliance program, to determine if items were exported in accordance with a valid BIS authorization or otherwise consistent with the EAR. Specifically, an EUC verifies the *bona fides* of transactions subject to the EAR, to include: confirming the legitimacy and reliability of the end use and end user; monitoring compliance with license conditions; and ensuring items are used, re-exported or transferred (in-country) in accordance with the EAR. These checks might be completed prior to the export of items pursuant to a BIS export license in the form of a Pre-License Check (PLC), or following an export from the U.S. during a Post-Shipment Verification (PSV).

BIS officials rely on EUCs to safeguard items subject to the EAR from diversion to unauthorized end uses/users. The verification of a foreign party's reliability facilitates future trade, including pursuant to BIS license reviews. If BIS is unable to verify the reliability of the company or is prevented from accomplishing an EUC, the company may receive, for example, more regulatory scrutiny during license application reviews or be designated on BIS's Unverified List or Entity List, as applicable.

BIS has developed a list of "red flags", or warning signs, and compiled "Know Your Customer" guidance intended to aid exporters in identifying possible violations of the EAR. Both of these resources are publicly available, and their dissemination to industry members is highly encouraged to help promote EAR compliance.

BIS also provides a variety of training sessions to U.S. exporters throughout the year. These sessions range from one to two-day seminars that focus on the basics of exporting to coverage of more advanced, industry specific topics. Interested parties can check a [list of upcoming seminars and webinars](#) or reference BIS provided [online training](#).

BIS and the EAR regulate transactions involving the export of "dual-use" U.S. goods, services, and technologies. For advice and regulatory requirements, exporters should consult the other U.S. Government agencies which regulate more specialized items. For example, the U.S. Department of State's Directorate of Defense Trade Controls has authority over defense articles and services, or munitions. A list of other agencies involved in export control can be found on the [BIS website](#) or in Supplement No. 3 to Part 730 of the EAR.

The EAR is available on the [BIS website](#) and on the e-CFR (Electronic Code of Federal Regulations) and is updated as needed.

The [Consolidated Screening List](#) (CSL) is a list of parties for which the United States Government maintains restrictions on certain exports, reexports or transfers of items. The CSL consolidates eleven export screening lists of the Departments of Commerce, State and the Treasury into a single data feed as an aid to industry in conducting electronic screens of parties to regulated transactions. Exporters are encouraged to classify their items prior to export, as well as consult the CSL to determine if any parties to the transaction may be subject to specific license requirements.

### **Temporary Entry**

The temporary entry of goods designated "temporary admission" by Moldovan law is allowed with full or partial exemption from customs duties. Customs must issue an authorization based on an application from the importer. The government regulates the list of goods enjoying full relief from customs duties as well as the terms for such relief. For the temporary admission of such goods importers are relieved of the obligation to submit a customs declaration. The period of full exemption typically cannot exceed three years. Certain goods can be introduced into Moldova without payment of duties for periods shorter than six months.

The list of goods that enjoy full exemption is as follows:

- professional equipment and materials, which may include computers, cameras, measuring devices, recorders, TV transmitters, special purpose vehicles, etc.;
- commercial samples and goods for display in trade shows, fairs, conferences, and the like;
- goods to be used for educational, scientific or cultural purposes;
- medical, surgical and laboratory equipment to be used in health care institutions;
- packaging, which may include containers and pallets;
- travelling equipment and materials as well as goods to be used in sports events held on the customs territory of Moldova;
- live animals;
- tourism advertising materials; and
- goods used in small border traffic.

Even if the temporarily imported items enjoy full exemption, Customs may require the importer to provide guarantees for payment of any customs duties that arise.

All other goods that do not fall in the full-exemption category enjoy only partial relief according to customs regulations. When partial relief is applied, importers have to pay five percent of the amount of customs duties for each calendar month of the duration of the temporary entry. The temporary entry of such goods cannot be longer than three years. If sufficient reason is provided, customs may extend the period of temporary entry.

Temporarily admitted goods have to be re-exported in their initial state, except for natural wear and tear. During the temporary admission period, such goods shall remain in foreign ownership at all times. Such goods may not be sold, rented, sub-rented, pledged, transferred or put at the disposal of another person in Moldova without the Customs Service's approval and payment of customs duties.

Since June 2010, Moldova accepts ATA carnets for simplification of customs clearance procedures related to temporary entry of goods.

For more information please see [www.trade.gov.md](http://www.trade.gov.md).

### **Prohibited and Restricted Imports**

The law on general product safety prohibits dangerous products from being placed on the market. The Customs Code notes that Moldovan legislation can prohibit or restrict certain goods or transport means from being introduced into or taken out of Moldova for reasons of state security, assurance of public and moral order, environmental protection, protection of art objects, protection of objects of historical or archeological value, protection of intellectual property rights, protection of the domestic market, and protection of other public interests. Moldovan legislation has special provisions dealing with strategic goods, weapons, munitions, dual-use goods, radioactive and toxic substances, and food products. Certain restrictions apply on ethylic alcohol, tobacco products and oil products. The import of such products is subject to license or permission from various authorities.

Temporary import prohibitions are also applied 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.

The Ministry of Foreign Affairs and European Integration keeps a centralized record of all mandatory international restrictive measures in force.

Importers have to check first with Moldovan customs on any existent limitations or restrictions.

For more information, please see the [Trade Information Portal](#) or [Customs Service](#).



## **Customs Regulations**

Procedures related to customs clearance are regulated by a series of laws and regulations. To name but a few: Customs Code, Law on Customs Tariff, Tax Code, Law on State Regulation of Foreign Commercial Activity, and Law on Licensing.

For further information, please refer to the [Trade Information Portal](#) or [Customs Service](#).

### **Web Resources**

[Customs Service](#)

[Ministry of Economy and Infrastructure](#)

[National Institute for Standardization](#)

[National Center of Accreditation](#)

[Consumer Protection Agency](#)

[National Food Safety Agency](#)

[Public Services Agency](#)

## **Standards for Trade**

### **Overview**

Moldova inherited its principles of metrology, standardization, testing, and quality from the Soviet era, where manufacturers had to follow compulsory standards. The country's transition to free-market economy, coupled with the accession to the WTO in 2001, triggered a revision of the old system and movement toward a philosophy that standards are industry-initiated and market-driven. New laws were passed in keeping with Moldova's WTO commitments and aspirations for European integration. The country has increased its efforts to harmonize its quality assessment system with European standards, especially after signing the AA/DCFTA.

The major functions of accreditation, certification, and market surveillance have been separated. Starting in 2007, all national standards became voluntary. The country continues to transpose EU directives and regulations.

### **Standards**

The country's central standardization organization is the National Institute for Standardization. The Institute adopts standards and maintains the national fund of standardization documents.

Moldova originally adopted a number of Soviet GOST (state standards developed in the Soviet Union). Under its AA/DCFTA, Moldova continues to adopt the body of European standards. To date, 26,950 European standards (CEN/CENELEC) have become Moldovan national standards, including the harmonized standards, all of which have been transposed. All conflicting standards (including GOST) have been withdrawn with the transposition of European standards.

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 Electrotechnical Commission (IEC), the European Committee for Electrotechnical Standardization (CENELEC), the European co-operation for Accreditation (EA), and the Meter Convention; an affiliated member of the European Committee for Standardization (CEN), and the International Laboratory Accreditation Cooperation (ILAC); a full member of the Euro-Asian Cooperation of National Metrological Institutions (COOMET); and an observer to the European Telecommunications Standards Institute (ETSI.)

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.) It is also a member of the European and Mediterranean Plant Protection Organization (EPPO.)

### **Testing, inspection and certification**

The Ministry of Economy and Infrastructure is responsible for the development of policy in the field of standardization, metrology, accreditation and conformity assessment, and for overseeing the following public institutions: National Institute of Standardization (NIS), National Institute of Metrology (NIM), National Center of Accreditation (MOLDAC), and Consumer Protection Agency (CPA).

Products certified in the country of origin, with which Moldova has signed agreements on mutual recognition of results of product conformity assessment, undergo a procedure of recognition of the certificates of conformity. Moldova has signed such agreements with a number of CIS states. Since 2012, Moldova recognizes EU-issued certificates of conformity and test reports translated into Romanian.

[National Institute for Standardization \(NIS\)](#)

[National Center of Accreditation \(MOLDAC\)](#)

Full registry of recognized conformity assessment bodies can be found [here](#).

[Consumer Protection Agency](#)

### **Publication of technical regulations**

Central public authorities work out and approve technical regulations for their areas of responsibility. Technical regulations are published in the official gazette *Monitorul Oficial*.

Members of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to notify to the WTO proposed technical regulations and conformity assessment procedures that could affect trade. **Notify U.S.** ([www.nist.gov/notifyus](http://www.nist.gov/notifyus)) is a free, web-based e-mail registration service that captures and makes available for review and comment key information on draft regulations and conformity assessment procedures. Users receive customized e-mail alerts when new notifications are added by selected country or countries and industry sector(s) of interest and can also request full texts of regulations. This service and its associated web site are managed and operated by the USA WTO TBT Inquiry Point housed within the National Institute of Standards and Technology, part of the U.S. Department of Commerce

### **Contact Information**

[Ministry of Economy and Infrastructure](#)

Piata Marii Adunarii Nationale 1, Chisinau MD2033, Moldova  
Tel. (373 22) 23 31 40

[National Institute for Standardization \(NIS\)](#)

Str. Eugen Coca 28, Chisinau MD2064, Moldova  
Tel. (373 22) 74 85 42  
Fax (373 22) 24 54 14  
[office@standard.md](mailto:office@standard.md)

[National Food Safety Agency \(ANSA\)](#)

Str. Mihail Kogalniceanu 63, Chisinau MD2009, Moldova  
Tel. (373 22) 29 47 30

### **Trade Agreements**

Moldova has signed free trade agreements with 43 countries, among them member states of the Commonwealth of Independent States, the Central European Free Trade Agreement (CEFTA), European Union (AA/DCFTA) and Turkey.

### **Licensing Requirements for Professional Services**

Moldovan authorities require mandatory documents for businesses to conduct a number of activities. The full list of such activities are regulated by the Law on Regulation of Entrepreneurial Activity. There are 48 activities subject to licensing requirements, including: auditing, banking, insurance, and private medical assistance. Consultancy is not among licensed business activities. Some professions require proof of qualifications, rather than a license. Professional lawyers will have to pass tests to become members of the Moldovan Bar Association in order to practice law. The Ministry of Finance or the National Bank of Moldova must certify proficiency in finance for individual auditors.

## **Selling U.S. Products and Services**

### **Distribution & Sales Channels**

U.S. companies may find a considerable number of agents, middlemen, wholesalers and retailers in Moldova. As a relatively small market, without challenging terrain, the major problem in developing distribution channels is poor infrastructure. Moldova is a landlocked country and shipping products by sea takes place via nearby Black Sea ports in Ukraine and Romania. Overland transportation to and from the ports is usually done by trucks and involves crossing state borders and customs clearance, which add extra costs and time to the shipment of goods. The Giurgiulesti International Port on the Danube River is strategically important but the cost of transportation by sea remains high. The port is accessible to both fluvial and maritime vessels.

Distribution and sales channels have developed significantly over recent years, though they are still not as sophisticated as in some European countries. With the opening of several modern shopping malls and large retail stores, especially in the capital city of Chisinau, sales practices have been improving. Sales are mostly concentrated in two major cities of the country—Chisinau, and Balti, Moldova's second largest city. Companies could also consider having sales outlets for their products in district centers.

Illegal trade and smuggling through the porous Moldovan-Ukrainian border in the east along the breakaway region of Transnistria presents another challenge for potential distributors. A European Union Border Assistance Mission (EUBAM) was established to enhance Moldovan and Ukrainian capacity for border and customs control and border surveillance.

### **Using an Agent or Distributor**

Selecting a local partner can be very advantageous for U.S. firms wishing to do business effectively in Moldova, though some large, established American firms work without a local partner. Gaining access to the market and collecting meaningful information can be difficult without local representatives who have contacts and have a solid understanding of the business environment, legislation, and market. Local companies are usually willing to become agents and distributors for American firms. Before a U.S. firm makes any commitment, it is strongly recommended that a third-party evaluation be conducted on the prospective partner.

Distance interaction, such as simply sending catalogues, is usually not as effective as making direct personal contacts. As with other countries in the former Soviet Union, personal relations still play a very important role in building business partnerships. In an economy where the rule of law is not yet firmly established, the quality and depth of key business relationships are often the best protection against loss and are the key to market access.

The local partner may require significant support from the U.S. business in building a distribution network and reaching out to clients. Expecting a local distributor to be proactive and do everything on its own is not a safe assumption. A distributor could be representing other companies with products that could be in direct competition with the products and services of a U.S. company seeking to work with that particular agent or distributor. Before selecting a local partner, it would be wise to explore other products the potential partner distributes.

Business associations are a good resource of information about local companies, distributors, wholesalers or retailers. The American Chamber of Commerce in Moldova (AmCham Moldova), the Chamber of Commerce and Industry, European Business Association (EBA), and the Moldovan Investment and Export Promotion Organization (MIEPO) are available to assist prospective investors. American companies may also contact local law firms to assist them with finding a partner. A list of English-speaking lawyers is available on the US Embassy's [website](#). The U.S. Embassy regularly fields inquiries from U.S. companies.

## **Establishing an Office**

The U.S. Embassy can provide only basic counseling on registration requirements and procedures. The U.S. Embassy strongly recommends that interested U.S. companies seek legal advice on business registration. The U.S. Embassy can provide contact information for local consulting firms that offer professional legal advice in this area.

Every company doing business in Moldova must be registered with Moldovan authorities. The following laws regulate the registration and activities of companies in Moldova: the Civil Code, the Law on Enterprises and Entrepreneurship, the Law on Joint-Stock Companies, the Law on State Registration of Legal Entities and Individual Entrepreneurs, the Law on Limited Liability Company, and the Law on Joint-Stock Companies.

According to Moldovan legislation, a foreign company may be registered as one of the following entities:

- sole proprietorship,
- general partnership,
- limited partnership,
- limited liability company,
- joint stock company,
- cooperative, or
- representation or branch office.

The limited liability company is the most popular form of legal registration among foreign businesses operating in Moldova. Joint-stock companies are a distant second. In choosing the registration mode, companies must consider the advantages and disadvantages of each type. For example, under Moldovan law, a foreign company registered as a representation or branch office does not have a legal entity status and cannot engage in economic activities.

Business registration is done with the Public Service Agency. The registration takes 24 hours in a standard procedure or four hours in a high-speed procedure, and both are done in two stages. The first stage involves submission of an application and a set of documents, the type of which may vary depending on the legal form of the business (LLC, joint-stock company, sole proprietorship, etc.) At the second stage, the Public Service Agency issues a registration certificate and a unique identification number for the business conferring full legal capacity to the entity. In 2010, the government introduced the “one-stop-shop” principle, which removed the requirement for businesses to register separately with fiscal, statistical, social security, and health insurance authorities.

For the purpose of registration, a foreign company must provide the following documents:

- application for registration;
- resolution of establishment of the local company (indicating the senior manager and person authorized to sign constitutive documents);
- constitutive documents (articles of incorporation, charter, etc.); and
- excerpts from the commercial register of the foreign company’s home country.

Any foreign citizen who founds a new company or acts as a senior manager must provide a copy of her/his foreign passport, any residence permits, and criminal records from her/his country of origin and Moldova. Foreigners have also to submit copies of their passports.

The regular procedure requires foreign companies to notarize copies of constitutive documents with the Consular Office of the Moldovan Embassy in Washington D.C. and have them translated into Romanian.

In March 2006, the Moldovan Parliament ratified the 1961 Hague Convention on Abolishing the Requirement for Legalization for Foreign Public Documents. Acceptance of U.S. apostilles applied on official documents simplifies the legalization of official documents.

Following registration, certain types of business activities require the issuance of a license. While most businesses are licensed via a one-stop shop procedure, certain specialized activities require other regulating agencies to issue

licenses: the National Bank, the National Financial Market Commission, the National Energy Regulatory Agency, the National Electronic Communications and IT Regulatory Agency, and the Audiovisual Coordinating Council.

To get a license, a business must file an application and provide a copy of the business registration certificate as well as additional documents, the number and type of which will vary by business activity. Aside from licenses, businesses may be required to obtain other authorizations and certificates, which will differ by business activity and product. Such documents may deal, for example, with sanitary, environmental, fire hazards, and safety compliance issues.

### **Franchising**

Moldova is among a few countries in the world that have separate legislation dealing with franchising. Franchising is gaining popularity in fast food and retail of consumer goods, cosmetics and apparel. The number of sales outlets carrying internationally recognized brands in the capital city of Chisinau is growing and the presence of vendors of foreign-made goods and the opening of large shopping malls further suggest that franchising provides business opportunities in retailing and services. U.S. companies such as McDonalds, KFC, Marriott, Best Western Hotels, and Coca Cola have operated franchises in Moldova for several years.

### **Direct Marketing**

Direct marketing is used, but is not widespread. Major, well-known U.S. direct marketers such as Amway, Herbalife, Avon, and Mary Kay are successful in Moldova. Such direct marketing channels as catalogs, e-commerce and regular mail are still in their infancy. As the use of credit cards and Internet grow, so, too, do the opportunities for direct marketing methods.

### **Joint Ventures/Licensing**

Moldovan legislation treats domestic and foreign businesses in the same manner and does not restrict foreign ownership in companies or subject such companies to any special licensing requirements. U.S. firms may enter the market by partnering with Moldovan counterparts or operating 100 percent foreign-owned companies. In the most common, joint-venture approach, a foreign company provides capital, equipment and merchandise, while the local company provides buildings, warehouses, office space, personnel, and channels of distribution. Before making financial or legal commitments, U.S. firms should thoroughly explore whether potential partners are reliable and share their priorities and expectations. Special attention should be also given to a review of the viability of potential domestic partners.

### **Express Delivery**

All major express delivery companies are present in Moldova: FedEx; TNT; UPS; and DHL. Posta Moldovei is the national mail operator with a nationwide network of mail delivery, offering courier and delivery services domestically and internationally, and is part of international Express Mail Service (EMS).

U.S. to Moldova deliveries usually take two to four business days, but length may vary depending on type of dispatch, type of shipment and destination. Under Moldovan customs laws, goods sent for personal use are subject to customs duty and other taxes if their value exceeds EUR 300. Also a number of restrictions apply for international mail. Operators can provide information on the type of delivery restrictions and conditions.

### **Due Diligence**

Contacting potential agents or distributors from a list at long distance without an introduction or third-party evaluation makes it very difficult to assess a prospective business partner. Basic information about companies is not always readily available. Under such circumstances, the need for conducting due diligence cannot be overemphasized. The U.S. Embassy can provide a list of legal consulting firms and recommends contacting the American Chamber of Commerce in Moldova. Legal advisers are retained for the usual work of incorporation, obtaining permits, IPR registration, contract preparation, collection and commercial disputes, but can also be an excellent resource for identifying potential problems based on their experience in the market. Embassy Chisinau is a Partnership Post with

the Department of Commerce. The Embassy offers the International Company Profile (ICP) services in collaboration with the Commercial Service at U.S. Embassy Bucharest. ICP includes: introductions to [local](#) legal counsel interviews with target companies and suppliers; background investigations; financial status investigations; referrals to Moldovan firms; and recommendations regarding the subject's potential reliability as a business partner.

## **eCommerce**

The Moldovan e-commerce sector remains underdeveloped despite the growing use of the Internet. The COVID-19 pandemic has underscored the need to develop online payments and online banking systems. Use of e-mail for business communication is increasingly common. Most companies have their own websites. A growing number of local businesses also use social media for marketing purposes. About 400 Moldovan companies are reported to have e-stores. Internet banking is becoming increasingly popular. Access to wired Internet and mobile internet is increasing as the use of smartphones has spread and some local operators are already considering upgrading their infrastructure to 5G. Most large Moldovan banks offer online payment integration methods.

Moldovans shop online primarily for clothing, shoes, electronic appliances, food, and travel. Payments are usually rendered upon receipt of merchandise, rather than online. By some estimates, the total amount of purchases made online by Moldovans in 2019 was USD 245 million. [Over](#) 75 percent of the population uses the Internet, and there is widespread internet coverage. Over 98 percent of localities have access to a fixed fiber optic connection, and high-speed mobile Internet coverage is also 98 percent.

China-based and other international e-commerce websites are popular among Moldovans, primarily for online purchases of consumer electronics, with French and UK-based e-commerce gaining popularity in Moldova for clothing and footwear.

Moldova passed a law on e-commerce in 2004 regulating the main aspects of transactions over the Internet introducing such terms as electronic contract. New changes to the law were passed in line with Moldova's EU Association Agreement/Deep and Comprehensive Free Trade Area (AA/DCFTA) focusing primarily on personal data protection.

The Government has developed a national digitization roadmap, which focuses on development of e-commerce, promotion of online stores, attraction of international e-commerce actors, and facilitation of cashless payments.

There are a few domestic e-commerce aggregators that compare prices on products sold online (such as [Allprices](#)), digitize sales of tickets for different public and social events (like [iTicket](#)), deliver restaurant food ([Straus](#) and [Foodhouse](#)), and help deliver products purchased online from a wide range of U.S. retailers to Moldova ([Fullship](#) and [Pesoto](#)).

## **Selling Factors & Techniques**

### **Overview:**

In general, Moldovans seek bargains and are price sensitive, but quality and payment terms increasingly play a critical role in purchase decisions. This is, however, not to say that higher-end items or services, especially recognized brands, will not sell at higher prices, particularly among the fashion-conscious youth. American goods enjoy a good reputation, but are not widely available on the local market. A commonly held opinion among local business people is that, because the United States is at a great distance from Moldova, final prices on many U.S. products shipped to Moldova will be higher than those for similar European products.

Although the official language is Romanian, many businesses use or even prefer Russian. The language preference is determined by a person's background, origin, age and education. In some areas of the country, Russian is preferred. Having your product-related materials translated into Romanian or Russian (or both) is a major advantage. By law, businesses must provide product information for consumers in Romanian.

Typically, one distributor or agent is enough to cover the entire country. Moldova is a relatively small market and therefore does not need extensive investment in developing distribution logistics. Poor infrastructure will be the major challenge.

### **Trade Promotion and Advertising**

After the uncertainties of the 1990s, the Moldovan advertising industry has grown significantly, spurred by higher consumption made possible by remittances from the many Moldovans working abroad. Both consumers and companies have begun to appreciate the effectiveness of advertising and the importance of marketing products.

Moldova passed a law on advertising in 1997 that set out advertising standards and rules. All forms of media are widely used (television, newspapers, magazines, radio, outdoor billboards and Internet). However, recent studies show that television and Internet are the most actively used media for advertising, leaving old media such as radio or the press trailing behind. Several international advertising agencies have representatives in Chisinau, including Ogilvy Mather and McCann Erickson.

Major media outlets in Moldova include:

- [National Public Broadcaster Teleradio Moldova](#)
- [Prime TV](#)
- [Jurnal TV](#)
- [Publika TV](#)
- [Pro TV](#)
- [TV8](#)
- [Cotidianul](#)
- [Komsomolskaya Pravda](#)
- [Logos Press](#)

National trade shows and exhibitions continue to be an effective way to introduce products to local buyers. [MoldExpo](#) is the prime venue for the largest trade shows organized in Moldova.

### **Pricing**

Moldovans are, in general, price-sensitive and attracted to bargains. Nevertheless, high-end products with higher quality may command higher prices and attract status-conscious consumers with financial means. The public is likely to recognize small price differences among various brands. Moldova has been experiencing growing retail and higher imports in recent years. U.S. companies should expect competition from third countries. High-priced items, such as automobiles or apartments, which were traditionally priced and paid for in dollars, have started to be denominated in Euros.

With a few exceptions, a 20 percent value-added tax applies (VAT) to products sold in Moldova. In addition to VAT, imported products are also subject to customs duties and in some instances to excises. Imports from the CIS and Central European Free Trade Area are usually duty free.

### **Sales Service/ Customer Support**

Customer support and after-sale service are weaknesses for the vast majority of Moldovan firms. Despite legislation that protects consumers, stores do not readily accept the return of purchased items by customers. The situation is somewhat different for big-ticket items that are usually covered by warranty periods. Firms selling capital equipment or technology should emphasize customer service, product quality, and training for the operation of such equipment and technology.



### **Local Professional Services**

Navigating Moldova's business environment without legal and financial advice may be more expensive than hiring the services of law and accounting firms. Several major Western consulting firms have offices in Moldova. Local law firms can also provide high-quality services. Contacting the American Chamber of Commerce in Moldova is also a good start.

- [American Chamber of Commerce in Moldova](#)
- [Moldovan Association of Advertising Agencies](#)
- [Moldovan Banks Association](#)
- [Moldovan Bankers League](#)
- [Moldovan Association of Private ITC Companies](#)
- [Moldovan Association of Professional Accountants and Auditors](#)
- [International Road Transporters Association of Moldova](#)
- [Moldovan Customs Brokers Association](#)
- [Foreign Investors Association](#)

### **Principal Business Associations**

The principal business association accepting U.S. business membership is the American Chamber of Commerce in Moldova ([AmCham Moldova](#)). AmCham actively lobbies the government; most major U.S. companies operating in Moldova are AmCham members. Other business associations include the Foreign Investors Association (FIA), the European Business Association (EBA), the Alliance of Small Enterprises From Moldova (AIM), and the Moldovan Chamber of Commerce and Industry.

### **Limitations on Selling U.S. Products and Services**

There are no absolute restrictions on U.S. products or services in Moldova, while the legislation does not limit certain areas of business exclusively to Moldovan citizens or a subset of the population. Applicable legislation may require companies to get registrations, certifications, authorizations and various approvals depending on the type of product or business activity. Pharmaceutical products, medical devices, food products, additives, electronic appliances, firearms, explosives, radioactive materials, banking, etc. are but a few that are subject to regulation. Certain types of business activity also require business licensing.

### **Trade Financing**

#### **Methods of Payment**

Payment methods and terms will vary depending on the type of business model and relationship between companies. As a rule, companies start their business relationships with advance payment for deliveries. Once trust has been established, suppliers may consider extending short- or eventually longer-term credit to bolster sales.

Few companies in Moldova can afford payments on large transactions and therefore credit arrangements will be needed for big projects. Moldovan banks also use a wide range of letters of credit, which provide greater protection to suppliers against payment delays.

Moldovan commercial banks are members of SWIFT (Society for Worldwide Inter-bank Financial Telecommunications).

For more information about the methods of payment or other trade finance options, please read the Trade Finance Guide available at <https://www.trade.gov/trade-finance-guide-quick-reference-us-exporters>.

## **Banking Systems**

Moldova's banking system was set up in two tiers in 1991 around the time of the breakup of the USSR and currently comprises a central bank and 11 commercial banks. The central bank licenses, supervises, and regulates the activity of financial institutions.

Moldova has four foreign banks; among them OTP Bank (Hungary), Banca Transilvania (Romania) and Erste Bank (Austria) are the best-known. While Moldova's regulatory landscape does not prevent banks from opening offices in other towns, most bank offices are concentrated in Chisinau, which is both the administrative and economic capital of Moldova.

In contrast to the West, banks still play a minor role in the country's economic development and business activity. Moldovan banks are highly capitalized; however, they provide limited consumer and business financing. Interest rates remain high relative to the region. Banks usually require collateral to issue credit. Moldova's securities market is underdeveloped. Loans and state treasury bills provide limited diversification for the banks' assets because Moldova's stock market remains underdeveloped and provides limited options for long-term investments. Banks sometimes rely on long-term credit lines from the World Bank, the European Bank for Reconstruction and Development, and other international financial institutions.

## **Foreign Exchange Controls**

Moldova accepted Article VIII of the IMF Charter in 1995, which required liberalization of current foreign exchange operations. The national currency, the Leu (plural Lei), is fully convertible for business purposes, with the central bank applying a managed free float to reduce sharp currency fluctuations. There are no restrictions on the conversion or transfer of funds associated with foreign investment in Moldova. Foreign investors can freely repatriate their earnings. After the payment of taxes, foreign investors are permitted to repatriate residual funds. Residual-funds transfers are not subject to any other duties or taxes, and do not require special permission. Companies are not obliged to sell their hard currency earnings to the government.

Banks accept and issue credit cards. Credit cards are accepted at many hotels, restaurants, and stores. ATMs are available throughout the capital Chisinau and other cities.

## **U.S. Banks and Local Correspondent Banks**

There are no U.S. banks in Moldova. The National Bank of Moldova maintains a list of licensed commercial banks that includes their SWIFT information. Few commercial banks have correspondent account relationships with U.S. banks, but most have correspondent relationships with European banks.

## **Protecting Intellectual Property**

In any foreign market companies should consider several general principles for effective protection of their intellectual property. For background, link to our article on [Protecting Intellectual Property](#) and [Stopfakes.gov](#) or contact ITA's Office of Intellectual Property Rights Director, Stevan Mitchell at [Stevan.Mitchell@trade.gov](mailto:Stevan.Mitchell@trade.gov).

### **IP Attaché Contact for Central Eurasia**

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## **Selling to the Public Sector**

### **Selling to the Government**

Virtually all Moldovan governmental agencies can conduct procurements. All important acquisitions technically require competitive bidding with strict formal requirements that limit the extent of sole sourcing. Public procurement procedures are overseen by the Public Procurement Agency. The Agency publishes procurement announcements in an electronic bulletin that can be accessed via an online subscription.

Since 2012, businesses have access to an electronic procurement system. To increase further transparency and access for interested parties, the Ministry of Finance, with the support of EBRD and local IT companies, has been piloting an e-platform for public procurement to make it easier for anyone interested to have access to public procurement notices and tender documentation. First tested for small procurements, the platform was extended to encompass the entire range of procurements organized by public authorities.

The 2016 Law on Public Procurements aligned Moldovan governmental practices with the EU practices and the WTO Government Procurement Agreement.

Some domestic and foreign organizations have criticized Moldova's public procurement practices for insufficient transparency. The time allowed for preparing bids after the announcement of a tender is frequently short and documentation requirements, including translation into Romanian, can be onerous for companies not based in Moldova. Also, budgetary constraints often limit the local government's purchasing power. Internationally financed public procurements are usually the most transparent and provide the best opportunities for U.S. companies. International tenders organized by the World Bank, European Bank for Reconstruction and Development (EBRD), and other international organizations represent good opportunities.

Many governments finance public works projects through borrowing from the Multilateral Development Banks.

U.S. companies bidding on Government tenders may also qualify for U.S. Government advocacy. A unit of the U.S. Commerce Department's International Trade Administration, the Advocacy Center coordinates U.S. Government interagency advocacy efforts on behalf of U.S. exporters bidding on public sector contracts with international governments and government agencies. The Advocacy Center works closely with our network of the U.S. Commercial Service worldwide and inter-agency partners to ensure that exporters of U.S. products and services have the best possible chance of winning government contracts. Advocacy assistance can take many forms but often involves the U.S. Embassy or other U.S. Government agencies expressing support for the U.S. bidders directly to the foreign government. Consult [Advocacy Center](#) for Foreign Government Contracts and for additional information.

More information about government procurement can be found at the [Public Procurement Agency](#).

### **Financing of Projects**

Moldova lacks a developed capital market. Banks are the only domestic source of project financing. However, interest rates are high, while the bulk of financing from banks is short-term. Given the relatively small size of Moldova's financing sector, a single bank may find itself under a great deal of pressure to provide lending for large projects.

Project financing is very limited unless implemented through subsidized loan programs funded by foreign governments and multilateral financial institutions, and aimed at private business development. Therefore, the role of international financial institutions such as the World Bank Group (International Bank for Reconstruction and Development IBRD, International Finance Corporation IFC and Multilateral Investment Guarantee Agency MIGA), the European Bank for Reconstruction and Development EBRD, and the European Investment Bank EIB to finance large projects is very important.

### **Multilateral Development Banks and Financing Government Sales.**

Price, payment terms, and financing can be a significant factor in winning a government contract. Many governments finance public works projects through borrowing from the Multilateral Development Banks (MDB). A helpful guide

for working with the MDBs is the [Guide to Doing Business with the Multilateral Development Banks](#). The U.S. Department of Commerce's (USDOC) International Trade Administration (ITA) has a Foreign Commercial Service Officer stationed at each of the five different Multilateral Development Banks (MDBs): the African Development Bank; the Asian Development Bank; the European Bank for Reconstruction and Development; the Inter-American Development Bank; and the World Bank.

Learn more by contacting the:

- Commercial Liaison Office to the [European Bank for Reconstruction and Development](#)
- Commercial Liaison Office to the [World Bank](#)

## **Business Travel**

### **Business Customs**

Given Moldova's relatively recent opening to Western investors, it is difficult to generalize about proper protocol and customs for doing business in Moldova. Though a new Western-oriented generation is beginning to emerge, the legacy of centralized authoritarian bureaucracy, red tape, and a reluctance to take initiative persists in some sectors. Signatures, proper letterhead, stamps of authenticity, and forms (in triplicate) are considered an important part of "getting the job done" in Moldova - a process which can test the patience of even the most experienced international businessperson.

Western business people should keep in mind that Moldovan business culture features widespread corruption and a constellation of well-connected individuals. For this reason, Moldovan business partners often believe the key to the success of an enterprise is not the soundness of the business plan but access to influential individuals in government or business.

The form of business in Moldova often takes precedence over substance, making a U.S. partner's approach all the more important. The success of your deal may depend on the trust you have painstakingly built over many months or years.

A strong emphasis should be placed on cementing personal relationships before doing any business. Prior to the COVID-19 pandemic, face-to-face meetings were the norm, with little business conducted over the telephone. Moldovans take pride in their hospitality and may offer food and beverages at business meetings. To host a meeting without offering at least tea and coffee appears rude. It is considered an offense, if a guest refuses food or beverage the first time it is offered. Before the pandemic, long evenings and multi-course meals, wine and cognac or vodka (moderation is advised) can be important in building trust with your Moldovan partner. Wishing good health, happiness, and success to your partner's immediate family will be certain to bring a smile and a hearty "thank you." Remembering your Moldovan partner's birthday and child's birthday, and keeping Moldovan holidays in mind are gestures not soon forgotten.

### **Travel Advisory**

General and country-specific travel information can be found on the U.S. Department of State's web site: <https://travel.state.gov/content/travel/en/international-travel/International-Travel-Country-Information-Pages/Moldova.html>.

### **Visa requirements**

U.S. citizens visiting Moldova do not need a visa. They are able to stay in Moldova for up to 90 days within a six-month period without registration. Residence and work permits are required for stays over 90 days. Visitors to Moldova are registered at the border. Immigration, residence, and work permits usually need to be extended annually, but may be issued for up to five years.

Moldovan law requires everyone to carry identity documents. Moldovan police have the right to request identity documents from any person. Individuals who fail to produce appropriate ID upon request may be subject to detention and fines. Therefore, Americans are advised to carry their U.S. passports (or a copy of their passport's biographic information page) with their registration card, if applicable, or a Moldovan-issued identification document when in public.

U.S. companies that require travel of foreign businesspersons to the United States are advised that security evaluations are handled via an interagency process. Visa applicants should go to the following link(s): [State Department Visa Website](#)

## **Currency**

The local currency is called the Leu (MDL). The latest available official exchange rate can be found on the website of the country's central bank, the [National Bank of Moldova](#). Credit cards are widely accepted in hotels, malls, stores and restaurants. Still, most retail transactions are conducted in cash. ATMs are commonplace in the cities, but is best to avoid using the ones outside hotels and banks so as not to fall victim to identity theft or fraud.

Foreign currency cannot be used in domestic transactions. Exchange offices are ubiquitous in the cities. Bring crisp, clean bills to exchange, as exchange offices may charge you a 10% fee or even reject exchanging old and damaged currency.

## **Telecommunications/Electronics**

Landline communication in Moldova is provided by state-run Moldtelecom. 4G cellular communication is available through Orange, Moldcell and Unite. International telephone connections via fixed or mobile telephony are generally good. Internet is widely available, including on mobile devices, with many WiFi hotspots offering limited free Internet access in public places in major cities.

Moldova's electric current is 220-240 V, 50 Hz and sockets take the standard European dual round-pronged plugs. Non-European appliances require a plug convertor. A step-down power converter is necessary for appliances requiring 110V.

## **Transportation**

The country's principal airport for international flights is the Chisinau International Airport, located 13 km from Chisinau's center. Prior to the COVID-19 pandemic, the airport handled over 2 million passengers annually. There were connections to over 30 international destinations, including Athens, Barcelona, Brussels, Dublin, Frankfurt, Istanbul, Larnaca, London, Lisbon, Madrid, Moscow, Munich, Paris, Rome, St. Petersburg, Tel-Aviv, and Vienna. There are no direct flights to the United States.

A taxi ride from the airport to the center of Chisinau should cost no more than USD 20. The public transportation within the city includes trolleybuses, buses and minibuses "marshrutkas," which are cold in the winter and hot in the summer and can be crowded and slow, especially during the peak hours. Taxis are available from numerous taxi agencies or in the streets.

The overall condition of roads outside the city is below average. Some main roads were rehabilitated in recent years with funds from international community, including the U.S. Millennium Challenge Corporation.

The railway system is unreliable and slow, with most infrastructure in poor condition. International investment projects are underway to modernize the railway.

## **Language**

The proper naming of the official language spoken in Moldova is sometimes a matter of debate, even among Moldovan citizens, as some insist upon calling the language Moldovan, while others acknowledge that it is Romanian. With the exception of a few usage norms, in its standard form it is identical to Romanian. During the Soviet period, the language, exclusively called Moldovan, was written in Cyrillic and hence was clearly distinguishable from Romanian, but with the reversion to Latin script following independence, the distinction between the two has disappeared. One may hear that the language spoken in Moldova is roughly as similar to the one spoken in Romania as American English is to British English, though the difference is that Americans acknowledge their language as being English, without insisting that it be called American. Some people contend that, besides the typical regional accent, the main difference between Moldovan and Romanian is that Moldovans intersperse their speech with Russian words. In formal documents or settings, however, the preference is always given to standard Romanian. Most inhabitants of Chisinau speak both Russian and Romanian. In Chisinau, quite often the shopkeepers and business people use the Russian language among themselves and with foreigners. At outdoor (agricultural) markets one will hear more Romanian. In

most of the villages, Romanian is the primary language; however, there are rural areas where only Russian is preferred. Nowadays, many young people can converse in English.

### **Health**

Medical care in Moldova is substandard throughout the country, including Chisinau. The quality of local clinics and hospitals in Chisinau varies considerably. Although none is up to Western standards, some do have equipment manufactured in Western countries and some staff members have had some Western medical training. A few private hospitals operate in Moldova offering some care comparable with western facilities.

The U.S. Embassy maintains a [list](#) of physicians that speak English.

In the event of a serious medical condition, every effort should be made to go to Western Europe, though the local system may be adequate for dealing with more routine health issues. In the event of emergency, travelers should attempt first to contact the local ambulance service 112, which is trained to determine which medical facility is most appropriate for treatment and will transport the injured or sick person to that location. Shortages of routine medications and supplies may be encountered. Elderly travelers and those with existing health problems may be at particular risk because of inadequate medical facilities. Visitors to Moldova are advised to bring their own supply of both prescription and common over-the-counter medications.

Prior to travel, make sure proper immunizations are up-to-date. Most pharmacies now carry imported and local medicine, although few medications are labeled in English. There are pharmacies in all regions of Chisinau, identifiable by “Farmacia” signs, and some are open 24-hours.

Tuberculosis is a serious health concern in Moldova. For further information, please consult the [Centers for Disease Control and Prevention's Travel Notice on TB](#).

Information on vaccinations and other health precautions, such as safe food and water precautions and insect bite protection, may be obtained from [CDC](#).

For more information on the COVID-19 situation in Moldova, see the U.S. Embassy in Moldova page [here](#).

### **Local time, business hours, and holidays**

Moldovan time is GMT (Greenwich Mean Time)+2 and EST (Eastern Standard Time)+7.

The country observes daylight savings times from the last Sunday in March through the last Sunday in October.

Work week: 40 hours per week

Normal business hours: 9 a.m. – 6 p.m.

An updated list of U.S. and Moldovan national holidays can be found on the Embassy's website <https://md.usembassy.gov/holiday-calendar/>

### **Temporary Entry of Materials and Personal Belongings**

Articles exempted from duty include personal effects and medicine required, in reasonable amounts, for the duration of the trip, personal jewelry, personal laptops, cameras, books, publications and recordings of all types and other similar items for personal use.

Travelers can bring into and out of the country amounts equivalent to EUR 10,000 without filing any written declaration with Customs. Sums larger than that require travelers to fill out written declarations. There is no limit on the amounts of cash that can be brought into the country. However, the amount of cash taken out of the country is limited to the equivalent of EUR 50,000 and requires supportive documents for the origin of the money and/or bank permits.

## **Investment Climate Statement (ICS)**

The U.S. Department of State's Investment Climate Statements provide information on the business climates of more than 170 economies and are prepared by economic officers stationed in embassies and posts around the world. They analyze a variety of economies that are or could be markets for U.S. businesses.

Topics include Openness to Investment, Legal and Regulatory systems, Dispute Resolution, Intellectual Property Rights, Transparency, Performance Requirements, State-Owned Enterprises, Responsible Business Conduct, and Corruption.

These statements highlight persistent barriers to further U.S. investment. Addressing these barriers would expand high-quality, private sector-led investment in infrastructure, further women's economic empowerment, and facilitate a healthy business environment for the digital economy. To access the ICS, visit the U.S. Department of State's [Investment Climate Statement](#) website.



## **Political Environment**

For background information on the political and economic environment of the country, please click on the link to the U.S. Department of State [Countries & Areas](#) website.