

Information

Regarding the implementation of the actions of the Vienna Programme of Action (VPoA) for Landlocked Developing Countries 2014-2024
(*Situation as of May 1, 2023*)

- **Priority 2: Infrastructure development and maintenance**

ICT Sector

The Republic of Moldova does not have access to the sea coast, but it is located at the border of the European Union, directly close to the high-capacity electronic communication lines that provide interconnection to the internet network of the EU states.

Currently, in the Republic of Moldova, at national level, there are 4 fiber optic backbone networks of 4 operators, namely "Moldtelecom" S.A., I.M. "Orange Moldova" S.A., I.M. "Moldcell" S.A. and S.C. Starnet (schematic representation of 3 of these networks is available on the interactive map of the International Telecommunications Union at <https://www.itu.int/itu-d/tnd-map-public/>).

The main networks of the respective providers, according to the reports, available at <https://anrceti.md/fileupload/66> web address, developed by the National Agency for Regulation in Electronic Communications and information Technology, ensured the increase of the capacity of the access channels to the global network from 143.54 Gbps in 2013 to 1074,9 Gbps in 2022.

At the same time, following the implementation of the actions described in the Government Decision 857/2013 https://www.legis.md/cautare/getResults?doc_id=49441&lang=ro on the National Strategy for the Development of the information Society "Digital Moldova 2020", the following developments were recorded in the field of electronic communications.

The fixed broadband penetration rate per 100 inhabitants increased, compared to 2014, from 14.31% in 2014 to 30,7% in 2022.
(<https://www.anrceti.md/bandalarga2014>; <https://www.anrceti.md/bandalarga2021>).

The penetration rate of mobile telephony services per 100 inhabitants increased from 129% in 2014 to 160,2 in 2021
([https://www.anrceti.md/files/filefield/Evolutia%20pietei%20\(rom\).pdf](https://www.anrceti.md/files/filefield/Evolutia%20pietei%20(rom).pdf);
https://anrceti.md/files/filefield/Anuar.statistic_anul2022.pdf).

The penetration rate of mobile broadband Internet access per 100 inhabitants increased from 47.4% in 2014 to 113,6% in 2022.

As regards the coverage of the country's territory with radio signal, coming from 4G mobile electronic communications networks, during the years 2014-2022 significant increased. In 2014, 4G coverage were ensured only within the cities territory by the networks of 2 operators: S.A. "Orange Moldova" - with a coverage rate of 33%, and "Moldcell" S.A. - 14%. In 2022, 4G networks of these operators ensured coverage of 97% country territory, and 4G network of S.A. "Moldtelecom" – 32%. Respective, in the population coverage rate with 4G network signal, provided by S.A. "Moldtelecom", was 41,2%, by S.A. "Orange Moldova" - 99,0%, and S.A. "Moldcell" registered a rate of 99,2%.

The statistical data on the coverage of the territory and population with radio signal from 3G mobile electronic communications networks show an insignificant increase for some operators from 2014 to 2022: for S.A. "Moldtelecom" - from 91,4% to 99,8%, and for S.A. "Moldcell" - from 77,71% to 99,0%. The 3G coverage rate ensured by S.A. "Orange Moldova" remain constant at 99,0% during all this time.

([https://www.anrceti.md/files/filefield/Evolutia%20pietei%20\(rom\).pdf](https://www.anrceti.md/files/filefield/Evolutia%20pietei%20(rom).pdf);
https://www.anrceti.md/files/filefield/Anuar%20statistic_2021.pdf).

Thus, we can mention that the Republic of Moldova, during the period reported under the Vienna Action Program, had an upward development and made significant progress in the field of electronic communications.

- **Priority 3: International trade and trade facilitation**

International trade

In 2022, exports of goods amounted to 4335.1 million US dollars, a value higher by 37.9%, compared to the one recorded in 2021.

The European Union is the main trade partner of the Republic of Moldova and represented a share of 51% in the total amount of the Moldova`s trade flows. The value of trade exchanges between the Republic of Moldova and the European Union in 2022 amounted roughly 6.9 billion US dollars, increasing by 36.1% comparing to 2021.

Referring to the year 2022 the share of exports to EU countries represents 58.6% of total Moldovan exports. Deliveries of goods to EU accounted 2.54 billion USD (an increase by 32.3% compared to the same period of 2021).

Exports of goods destined for the CIS countries in 2022 had a value of 1043.1 million US dollars (2.2 times more, compared to 2021), which is equivalent to a share of 24.1% in total exports, up by 9.3 percentage points compared to 2021

In 2022, the main destination countries for goods exports were Romania (28.6% of total exports), Ukraine (16.6%), Italy (7.6%), Turkey (7.0%), Germany (5.3%), Russian Federation (4.4%), Bulgaria (3.3%), Poland (2.8%), Czech Republic (2.4%), and Belarus (1.9%).

In 2022, imports of goods totaled 9219.1 million US dollars, higher by 28.5% than in 2021.

The imports from EU accounted 4.36 billion USD (an increase by 38.6% compared to 2021) and represents 47.3% of total Moldovan imports.

Imports from the CIS countries in 2022 had a value of 2185.6 million US dollars (by 14.7% more than in 2021), which is equivalent to a share of 23.7% in total imports, in decrease by 2.8 percentage points, compared to 2021

In 2022, the top countries of origin of goods imports were Romania (17.9%), the Russian Federation (12.4%), China (10.3%), Ukraine (9.3%), Turkey (7.2%), Germany (6.3%), Italy (4.8%), Poland (3.3%), India (2.7%), Hungary and France (1.9% each), Greece (1.8%), Bulgaria (1.6%).

It has been 8 years since the Republic of Moldova and the European Union signed the Association Agreement/DCFTA. The opportunities offered by the DCFTA in these years have allowed the increase in the share of exports to the EU to approximately 60% of the total

registered export, as well as the creation of new jobs. Today, the European Union is the most important economic partner of the Republic of Moldova, respectively the largest market.

For the Republic of Moldova DCFTA's implementation contributed to the country's economic growth, because of increased trade exchanges and volumes. Moreover, it triggered deep transformations of the economy, way of thinking and operating in terms of quality of goods, diversification of products, competitiveness and management.

During the period of 2017-2022, the value of trade between the Republic of Moldova and the EU increased constantly, the evolution of Moldovan exports on the EU market being highlighted by a considerable increase, compared to the period of 2014-2016. Thus, the EU consolidated its position as the most important economic partner of the Republic of Moldova, respectively the largest market.

An important aspect in the cooperation with the EU side is the large number of companies from the Republic of Moldova exporting to the EU states. In 2021 - 1,860 Moldovan companies registered exports to the EU, and in 2022, this figure reached 2,044 exporting companies, which represents over 70% of the total number of exporting companies. The top five destination countries of Moldovan exports are Romania; Germany; Italy; Poland and Czech Republic.

On July 18, 2022, the EU approved *Regulation 2022/1279 on temporary trade liberalization measures* in addition to commercial concessions applicable to products from the Republic of Moldova pursuant to the Association Agreement between the European Union and the European Atomic Energy Community and their member states, on the one hand, and the Republic of Moldova, on the other, which aims to significantly increase export quotas to the Union market for 7 categories of agricultural products from the Republic of Moldova. Trade liberalization for the seven product categories named above is valid for one year (the Regulation entered into force on July 23, 2022 and applies until July 24, 2023). On May 2 2023, the European Commission proposed to renew and expand the suspension of import duties and quotas on Moldovan exports to the European Union – known as Autonomous Trade Measures (ATMs) – for another year.

Trade facilitation

The Moldovan Government has taken steps to improve the business environment, attract foreign investment and promoting exports could lead to increased production and sales of Moldovan goods in international markets. The Government has implemented various economic reforms, including tax and customs reforms, to attract foreign investors. The government has also established special economic zones and free economic zones to attract foreign companies.

The Republic of Moldova has made progress in recent years in implementing economic and structural reforms aimed at promoting economic growth and improving the business environment.

The country has implemented several reforms in recent years to improve the business climate, including simplifying the process for starting a business, reducing the time and cost of obtaining construction permits, and streamlining tax payments. Other key policies include:

- Simplification of tax procedures and reduction of tax rates
- Improvement of the regulatory framework for business activities
- Strengthening of intellectual property rights protections

Development of infrastructure projects, including the construction of new highways and energy infrastructure

In order to increase the competitiveness of MSMEs was approved by Government Decision No 515/2022 "*The Energy Efficiency and Refurbishment Program*". This will contribute to increasing the, leading to more innovation within them and technological upgrading of the whole MSME sector towards Industry 4.0. In this sense, the Program is not limited to a specific sector or a specific production or business process.

The main objectives of the Program are:

- technologization of MSMEs by procuring innovative technical solutions to modernize production machinery/equipment;
- increasing the competitiveness of MSIs as a result of cost efficiencies and to increase productivity as a result of the use of modernized technologies;
- harnessing alternative energy sources as well as energy efficiency of the entire business activity.

Regarding the IT industry development, the main driver of the country's IT industry development is the Moldova IT Park, launched in 2018 and the facilitation regime it offers to its residents, including 7% single tax on turnover, extensive list of eligible IT and related activities, virtual residency, simplicity in interaction with state authorities and IT Visa Program to attract foreign IT specialists and managers.

Currently, the IT Park comprises more than 1300 resident companies, from which 211 are companies with foreign capital from 39 countries, with more than 18.500 employees and a projected sales revenue for the 2023 year of about 10.7 billion MDL (approx. 543 million EUR), representing the national IT industry to the extent of 80-85% in terms of turnover, exports and employees.

The main IT export markets are EU countries, USA, UK and Canada. With a sales revenue obtained in 2022 of approx. 7.6 billion MDL (approx. 383 million EUR), the IT park represents at this stage the main enabler of IT industry competitiveness and growth.

To develop further the IT industry, the Law no. 73 of March 31, 2023 on amending the Law no. 77/2016 on IT parks was approved and which is aimed at facilitating the remote work abroad of the employees of the park's residents, but also the expansion of the types of eligible activities to be carried out in the park.

In addition, to provide predictability of the business environment for the next period, some changes in the regulatory framework regarding the extension of the term of operation of the IT Park, as well as the state guarantee regarding the single tax are proposed to be promoted.

Moreover, to support the development of entrepreneurial sector, two new support programs such as the *Program for the Digital Transformation of Small and Medium-Sized Enterprises* and the *Digital Innovations and Technological Start-ups Support Program* have been approved and launched in 2022. Both programs aim to support SMEs by providing non-refundable financial support for up to 70%-80% of the value of the investment project, but no more than 500,000 MDL (approx. 25000 EUR).

To develop the e-commerce sector and overcome limitations generated by the pandemic crises, in 2020 the *Roadmap for Boosting the Process of Digitalization of the National Economy and Development of Electronic Commerce* was adopted. By assuming the priorities of the roadmap,

it has allowed the implementation in a short period of time of important initiatives in the field of remote business interaction with authorities and promotion of digital services for the business environment, stimulation of electronic commerce development, the use of e-commerce tools by SMEs, but as well the simplification of customs and postal procedures.

Based on that, was approved the Law no.175/2021 on the amendment of some normative acts (generically entitled "Digitization Package") in order to boost the digitalization of economy. By this law, a series of normative acts have been modified that aim to overcome the current legislative constraints, which limit the possibilities of digital interaction between the Government, the business environment and consumers. The proposed adjustments allow the remote registration of the business, making changes to the deeds of incorporation, obtaining various public services and official documents in electronic format, but also the widespread use of electronic signature in relation to authorities, businesses and citizens.

Further, in order to ensure the continuity of legislative interventions in various sub-areas of the national digitalization process of economy and stimulate further the e-commerce sector growth, was recently adopted the Law no. 60/2023 on the amendment of some normative acts (generically entitled '*Legislative Package for the Stimulation of Electronic Commerce*'). The legislative package provides for the updating of the regulatory framework on internal trade and its completion with the necessary additional provisions on electronic commerce; adjustment of the normative framework regarding information society services, with the extension of the scope including non-resident service providers that direct their activity to Moldova; consumer protection in the electronic commerce process; and other related provisions.

Further, to facilitate the remote business in Moldova with the help of digital tools, including from abroad, the draft Law for the amendment of some normative acts (the "*Development of remote business in the Republic of Moldova/Contactless Business in Moldova*" initiative) was developed and approved by the Parliament in the first reading on March 31, 2023. The law provides for the facilitation of online management of a business, the creation of opportunities for the diaspora and foreign investors to open online and remotely manage businesses in Moldova, improving the business environment, remote employment, reducing bureaucracy, as well reducing the costs for entrepreneurs and the state.

Priority 4: Regional integration and cooperation

Current trade regimes:

Apart from being a *World Trade Organization (WTO)* member since 2001, currently, the Republic of Moldova benefits from a series of preferential free trade agreements with the States from Western European region, as well with those of the Asian side, under free trade agreements within the CIS, GUAM, CEFTA, Turkey and the European Union on the basis of the Association Agreement and DCFTA.

The Republic of Moldova – European Union Association Agreement signed in June 2014 also establishes a Deep and Comprehensive Free Trade Area (DCFTA). The Agreement was ratified by Law No. 112/2014 and entered fully into force in July 2016, following its ratification by all parties.

The Agreement covers goods and services with tariff reductions in the Republic of Moldova phased over a 10-year period (ultimately covering 99% of tariff lines), while the EU implemented tariff cuts are immediate for 99.7% of tariff lines and reductions for additional ones.

With regard to services, the Agreement contains disciplines on the establishment, the trade in services and electronic commerce, covering all four modes of trade in services, with certain sectors excluded. In addition, the Association Agreement contains, inter alia, general transparency disciplines, a special dispute settlement mechanism, and rules on competition, trade defence instruments, and government procurements. It foresees a gradual approximation of legislation, rules and procedures of the Republic of Moldova with those of the EU in a wide range of areas, relating, inter alia, to SPS, TBT, and trade in services, customs, procurement, taxation, auditing, statistics, and the energy sector.

It also foresees an extensive cooperation in a number of areas, including regulatory and supervisory cooperation among the authorities to promote the regulatory quality and performance.

Central European Free Trade Agreement (CEFTA)

CEFTA was signed by Albania, Bosnia and Herzegovina, Croatia, Macedonia, Moldova, Montenegro, Serbia and the United Nations Interim Administration Mission in Kosovo (UNMIK) on behalf of Kosovo, in accordance with the United Nations Security Council Resolution 1244, in Bucharest on 19 December 2006. The Agreement was ratified by Law no. 120/2007 and entered into force for all CEFTA Parties on 22 November 2007.

The governing body of CEFTA is a Joint Committee. To date, three sub-committees have been established: on Agriculture, including Sanitary and Phytosanitary Issues, on Customs and Rules of Origin, and on Technical Barriers to Trade and Non-Tariff Barriers.

The Agreement was initially concluded for trade in goods and it was extended with an Additional Protocol for trade in services.

Free Trade Agreement between the Republic of Moldova and the Republic of Turkey

The Agreement with Turkey was signed on 14 September 2011 in Chisinau and entered into force in 2016 (ratified by Law No. 49/2016). The FTA with Turkey covers the trade in goods, Turkey eliminating the tariffs for 82.9% of tariff lines and providing a number of duty-free tariff rate quotas upon entry into force, while Moldova phased out the tariffs for 78.4% of tariff lines by 2020.

Strategic Partnership, Trade and Cooperation Agreement between the Republic of Moldova and the United Kingdom of Great Britain and Northern Ireland

The Agreement between the Republic of Moldova and the United Kingdom was signed on 24 December 2020 in Chisinau, and entered into force preliminarily in 2021 (ratified by Law no. 172/2021). The agreement with the United Kingdom is modelled based on the EU-Moldova Association Agreement and it covers the trade in goods and services. Both parties have provisionally applied preferential treatment under the Agreement as of 1 January 2021.

The Agreement also includes chapters on the external cooperation, the political dialogue, the reforms, the security, the justice, the home affairs interaction, the sectoral cooperation, and the free trade component.

Treaty on a Free Trade Area between members of the Commonwealth of Independent States (CIS)

The FTA was signed on 18 October 2011 between Armenia, Belarus, Kazakhstan, the Kyrgyz Republic, the Republic of Moldova, the Russian Federation, Tajikistan, and Ukraine. The Agreement was ratified by Law no. 201/2012 and entered into force in 2012.

The agreement covers the trade in goods and it targets at the elimination of all tariffs; it stipulates the national approach to the application of internal taxes; it contains requirements for warehousing, storage, transportation and reshipment, and repayments and remittances.

Free Trade Agreement between the GUAM Participating States

The Agreement on the Establishment of a Free Trade Area among the GUAM Participating States between Moldova, Georgia, Ukraine and Azerbaijan was signed on 20 July 2002 and entered into force on 10 December 2003 (ratified by Law no. 25-XVI/2005).

The Agreement established a free trade regime for goods and contained a rendezvous clause for trade in services. The provisions of the Agreement are based on the respective rights and obligations of GUAM States under the WTO Agreements.

The main objectives within the GUAM platform, is related particularly to the facilitation of the regional trade, include: the simplification of the procedures for checking the certificates of origin and for the mutual recognition of AEO; the implementation of the SDGs for the 2030 Agenda for Sustainable Development; the implementation of the diagonal cumulating of the origin in the framework of the GUAM Agreement and PEM Convention; and other.

Bilateral Free Trade Agreement between the Cabinet of Ministers of Ukraine and the Government of the Republic of Moldova

The Free Trade Agreement between the Republic of Moldova and Ukraine was signed on 13 November 2003. The FTA was ratified by Law No. 22/2004 and entered into force in 2005. FTA covers the trade in goods.

Free Trade Agreement between the Republic of Moldova and Georgia

The Free Trade Agreement was signed on 28 November 1997 in Tbilisi and entered into force in 2007 (ratified by the Government Decision No. 1513/1998). The FTA covers the trade in goods.

At the same time, it is important to mention that Moldova also cooperates with the Eastern Partnership countries through EU4Digital Program, in all its thematic areas.

The Republic of Moldova has initiated negotiations on free trade agreements, as follows:

- Agreement on Free Trade in Services, the Establishment, Operation and Implementation of Investments of the Commonwealth of Independent States.
- EFTA - Free Trade Agreement between the Republic of Moldova and the European Free Trade Association Countries (Iceland, Liechtenstein, Norway and Switzerland). *The procedures for signing the Agreement will take place during the EFTA Ministerial Meeting in Vaduz, Liechtenstein, on June 27, 2023.*

It is important to mention that the negotiation and conclusion of such agreements is carried out in strict compliance with international commitments assumed by the Republic of Moldova within the WTO as well as its existing bilateral agreements.

Priority 5: Structural economic transformation

In December 2018, the Parliament approved a new *development strategy* – “Moldova 2030”, replacing the “Moldova 2020” strategy. Being in line with the UN Agenda for Sustainable Development and the EU-Moldova Association Agreement, it focuses on developing a sustainable and inclusive economy, strengthening the human and social capital, making the

institutions more efficient and fairer; and ensuring the fundamental right to a healthy and safe environment for the citizens.

The Moldovan Government has taken steps to improve the business environment, attract foreign investment and promoting exports could lead to increased production and sales of Moldovan goods in international markets. The Government has implemented various economic reforms, including tax and customs reforms, to attract foreign investors. The government has also established special economic zones and free economic zones to attract foreign companies.

In 2018, the *Strategy for the development of Information Technology and Digital Innovation Ecosystem for the years 2018-2023* was approved (GD no. 904 of 24 September 2018). The strategy aims to increase competitiveness, diversify the information technology industry and orienting it towards digital innovation in all sectors of the economy.

Further, considering the previous strategy ends in 2023, a new *Digital Transformation Strategy for the years 2023-2030* is in the elaboration process. Currently, it is in the finalization process following prior consultations and follows to be approved by mid-2023. The strategy represents a framework that will define the vision, objectives and policy priorities in the context of the ongoing digital transformation of economy and society, under the influence of the new environment, innovative technologies and global trends of the digital age.

The main intervention areas of it are EU legislation harmonization and standards implementation; infrastructure and connectivity; strengthening cyber security; strengthening digital skills; supporting the business environment and innovations; reengineering and further development of electronic services.

Besides, in the context of promoting the European integration agenda of the Republic of Moldova in the field of Information Society and the alignment of national legislation with the EU acquis, the alignment with the EU acquis on geoblocking, P2B, the Digital Services Act and the Digital Markets Act was proposed for the next 3 years.

In addition, on 22 December 2022 Moldova has notified the European Commission on its desire to associate to the *Digital Europe Programme*. In this context, the launch of negotiations and conclusion of the International Agreement between the European Union and Moldova on the participation of Moldova in the Union programme the Digital Europe Programme for the period 2021-2027 is planned for the end of 2023.

Establishment, trade in services and electronic commerce

To support the national entrepreneurial sector and increase their digital and innovative potential, two new support programs have been approved and launched in 2022. The first one is the *Program for the Digital Transformation of Small and Medium-Sized Enterprises* (GD no.129/2022). The program aims to support SMEs by introducing digital tools, in order to develop the productivity and competitiveness of local enterprises. It ensures not only the granting of grants, but also consultancy in identifying the needs for digitalization and development of the investment projects, as well as mentoring actions for entrepreneurs in the post-funding period. Consequently, through the program the national SMEs will be able to access non-refundable financial support of up to 70% of the value of the investment project but will not exceed 250,000 MDL for micro and 500,000 MDL for small and medium enterprises.

The second program we refer to is the *Digital Innovations and Technological Start-ups Support Program* (GD no.243/2022). The objective of the program is to provide non-

refundable financing to innovative SMEs and startups based on three thematic funding components (digital innovation, green technology and sustainable production). Thus, the technological start-ups will benefit from non-refundable funding in the form of grants up to 80%, but no more than 500,000 MDL. The program supports, through non-refundable funding, the development and promotion on the market for commercial purposes of the products and/or services, for the following priority areas: ICT, digital media, fabrication, agriculture, education, health, financial services, creative industries, e-Trade, recycling.

Further, the roadmap served as an umbrella document for the elaboration of two complex legislative packages for the digitalization of economy. Thus, by approving the first *Digitization Package* through the Law no.175 of 11 November 2021, a series of normative acts have been modified that aim to overcome the current legislative constraints, which limit the possibilities of digital interaction between the Government, the business environment and consumers. The proposed adjustments allow the remote registration of the business, making changes to the deeds of incorporation, obtaining various public services and official documents in electronic format, but also the widespread use of electronic signature in relation to authorities, businesses and citizens.

Additionally, in order to ensure the continuity of legislative interventions in various sub-areas of the national economy digitalization process, the e-Commerce Legislative Package was elaborated and follows to be approved by the Parliament in the second reading. The legislative package provides adjustments of the legislation related to internal trade, information society services, and other matters related to online commerce.