

**UNECE STEERING COMMITTEE ON TRADE CAPACITY
AND STANDARDS HIGH-LEVEL SEGMENT**

**REGULATORY AND PROCEDURAL
BARRIERS TO TRADE IN
THE REPUBLIC OF MOLDOVA:
NEEDS ASSESSMENT**

**GENEVA, SWITZERLAND
26 MAY 2016**

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SCOPE OF THE REPORT

This study seeks to contribute to ongoing trade development efforts in the Republic of Moldova by providing an assessment of regulatory and procedural trade measures.

Sectors

Non-resource based sectors, which were selected in consultation with the Ministry of Economy, based on their contribution to exports and income growth in general

EVIDENCE BASED

Desk research and face-to-face interviews

Desk study

Previous studies

Laws, policy documents and government decisions

Development plans

Face-to-face interviews: representatives of Government & trade support institutions

Officials from the National Advisory Working Group

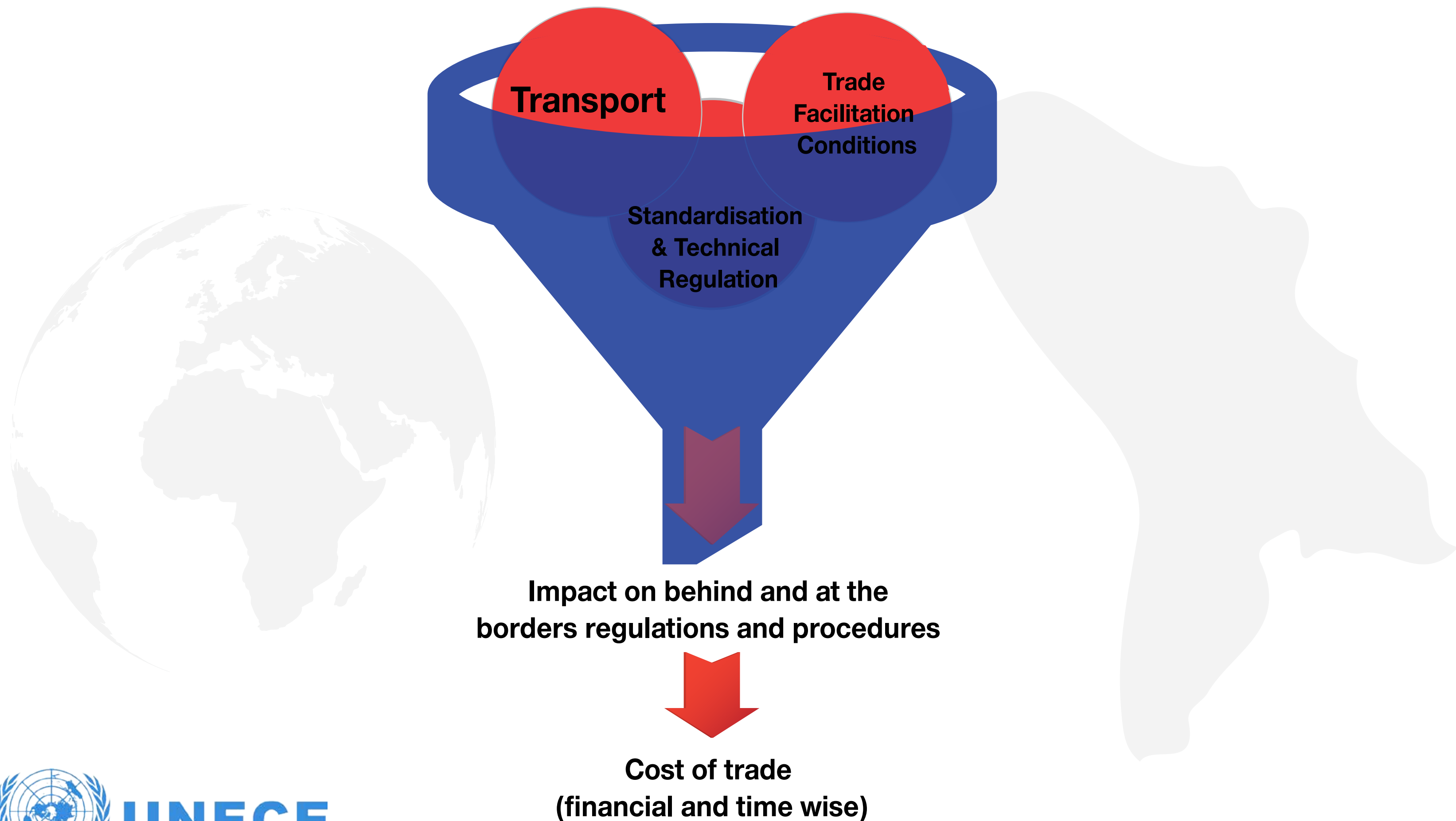
Logistics service providers, transport operations, trade and enterprise support associations

Face-to-Face interviews: traders

40 traders from priority sectors

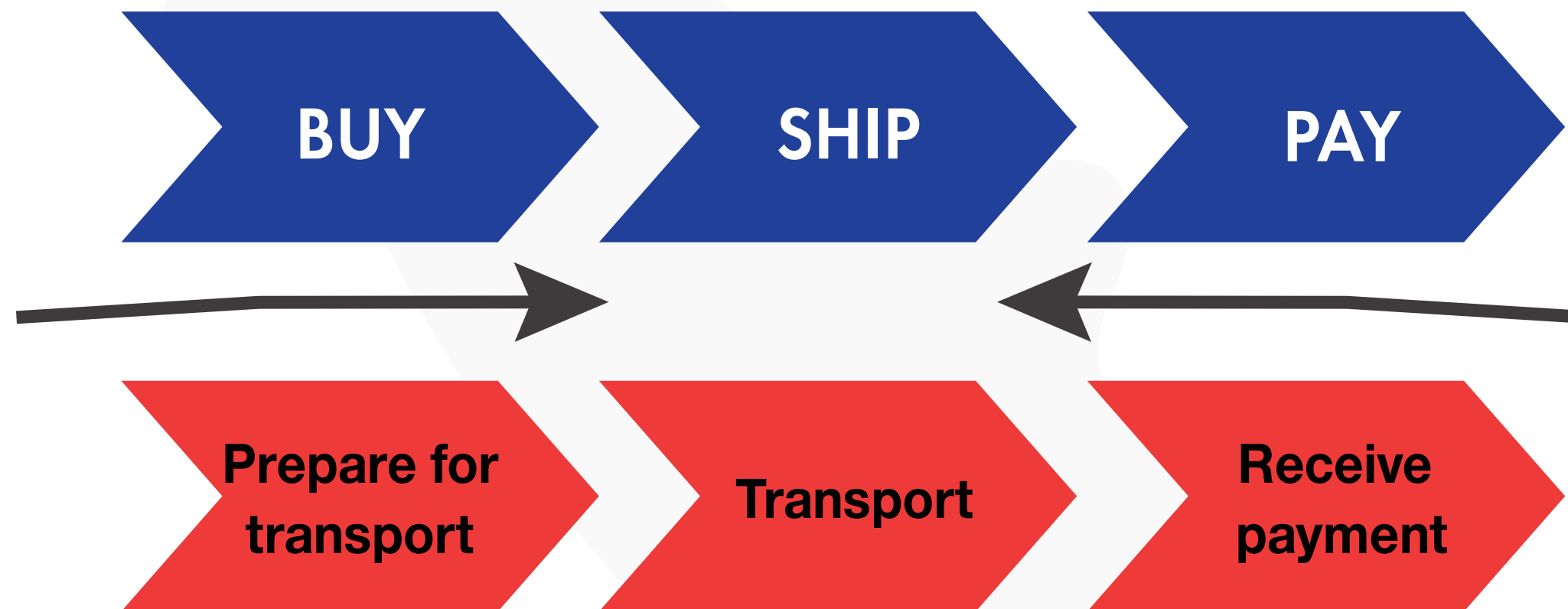
COMPREHENSIVE EVALUATION METHODOLOGY:

INTERPLAY BETWEEN TRANSPORT, TRADE FACILITATION, STANDARDISATION AND TECHNICAL REGULATION

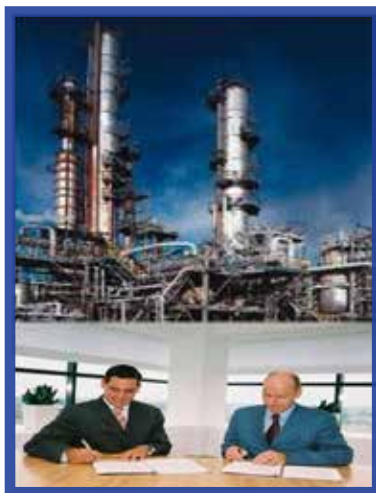


ANALYTICAL FRAMEWORK

REGULATORY REQUIREMENTS AND ADMINISTRATIVE PROCEDURES



**Commercial
Procedures**



**Transport
Procedures**



**Regulatory
Procedures**

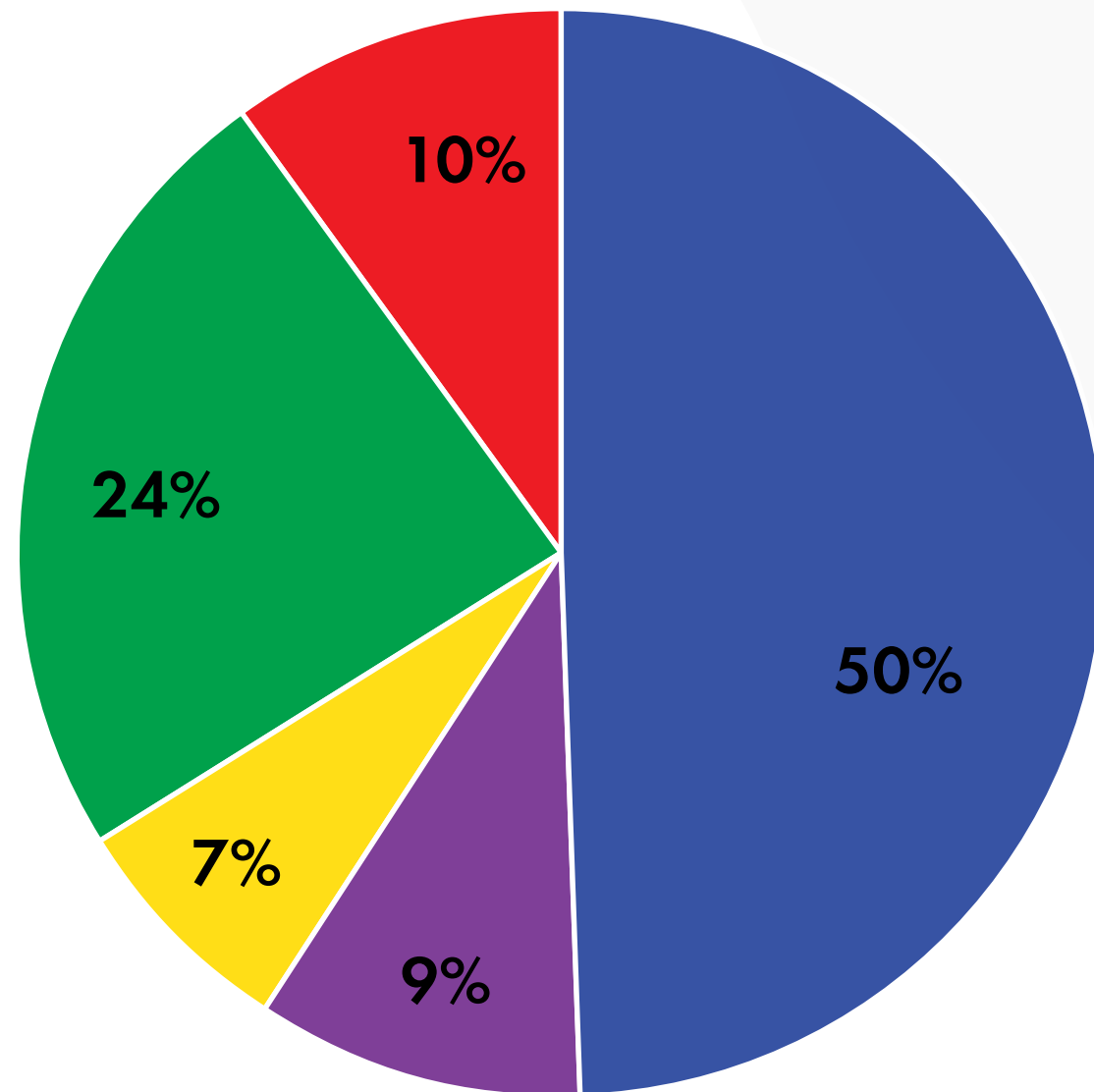


**Financial
Procedures**



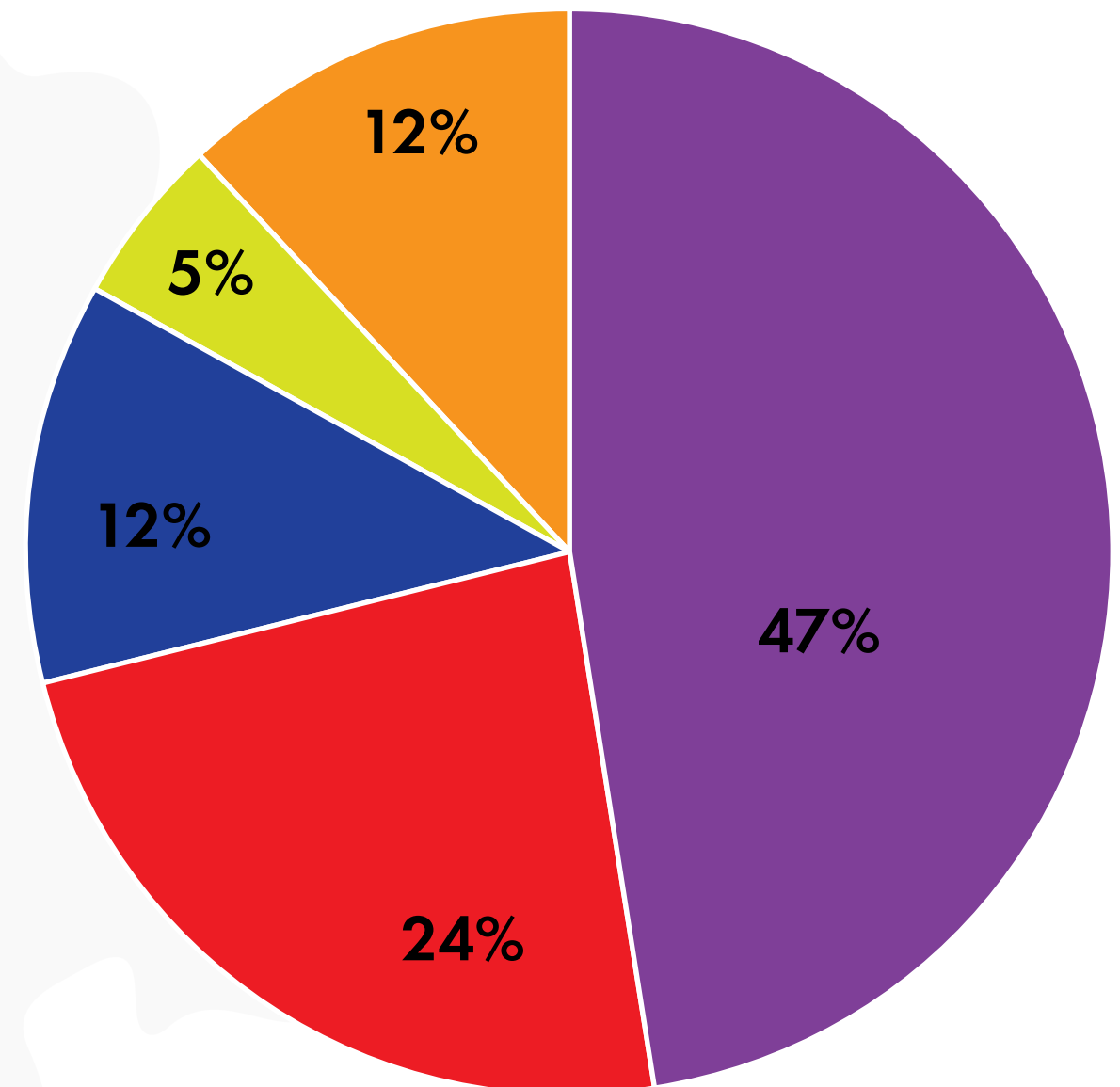
TRADERS' PROFILE IN MOLDOVA

BREAKDOWN OF SURVEYED ENTERPRISES BY LOCATION



- CENTER
- NORTH
- SOUTH
- THE REGION OF TRANSNISTRIA
- GAGAUZIA

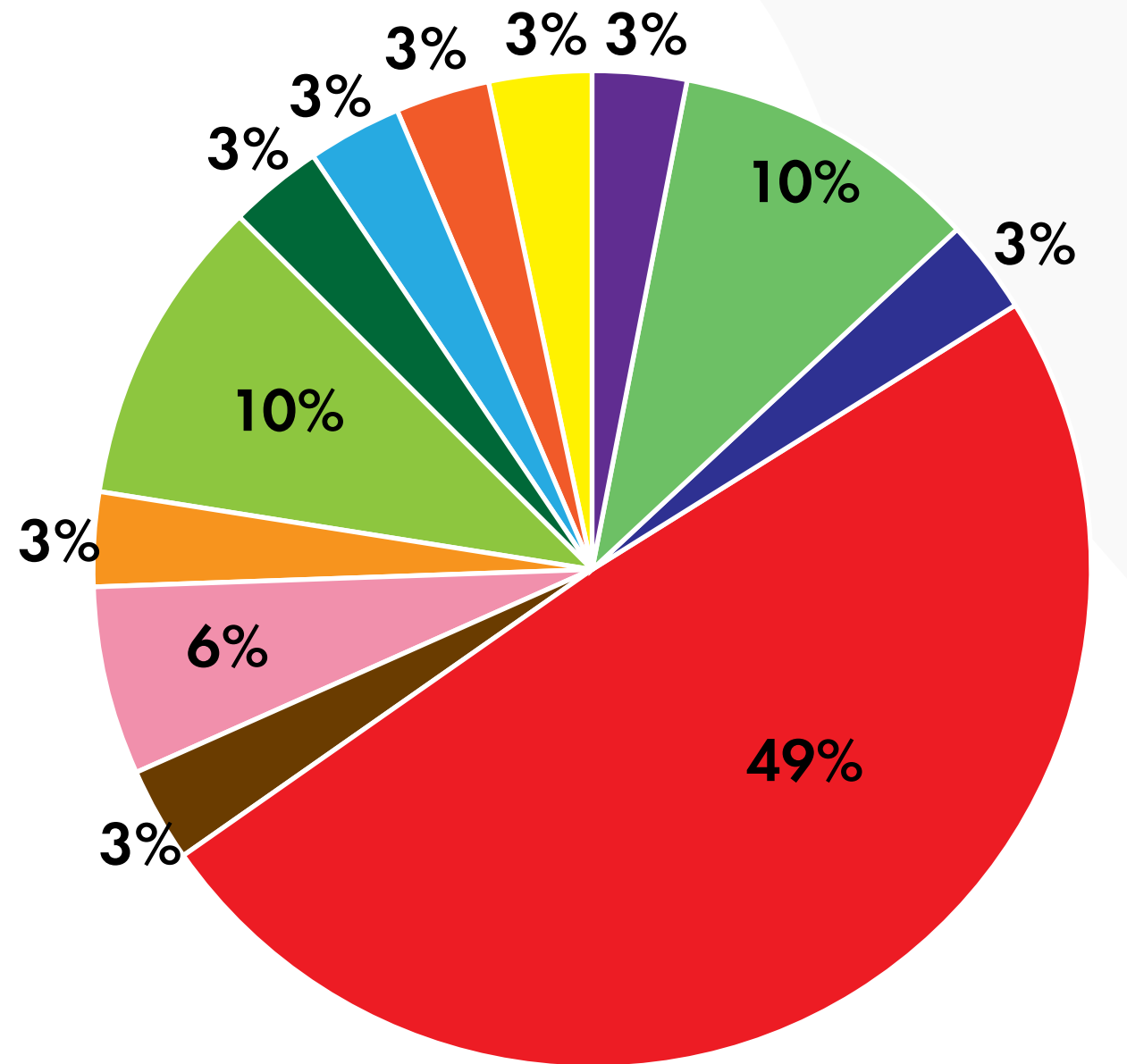
BREAKDOWN OF SURVEYED ENTERPRISES BY SECTOR



- FOOD AND BEVERAGES
- TEXTILES AND APPAREL
- BASIC METALS
- CHEMICALS
- MACHINERY AND EQUIPMENT

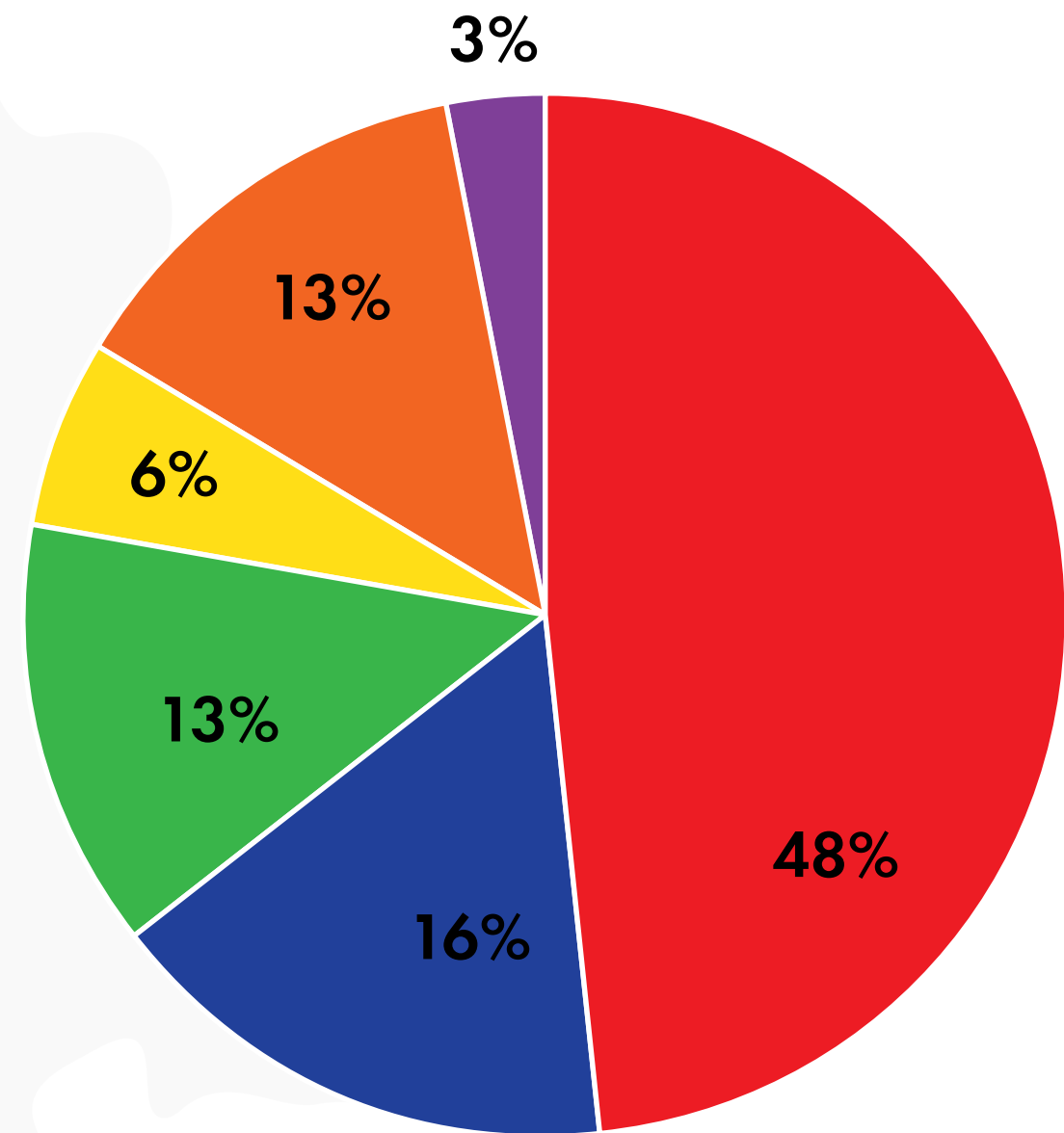
TRADERS' PROFILE IN MOLDOVA

BREAKDOWN OF INTERVIEWED TRADERS BY LOCATION (NUMBER OF ENTERPRISES)



- ANENII NOI
- CALARASI
- CAHUL
- CHISINAU
- DUBASARI
- GAGAUZIA
- IALOVENI
- ORHEI
- SOROCA
- STEFAN VODA
- CRIULENI
- HINCESTI

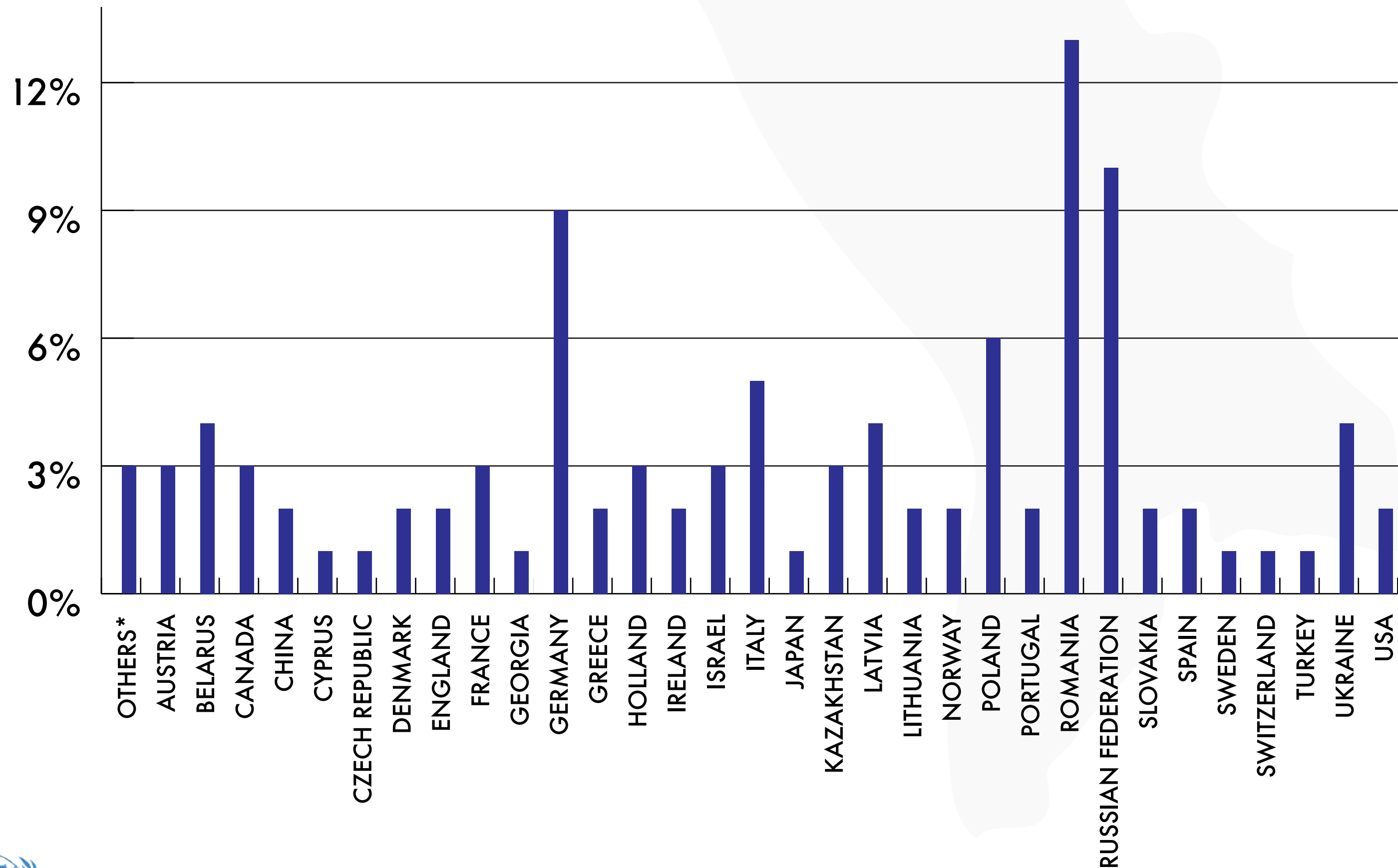
BREAKDOWN OF THE ENTERPRISES INVOLVED IN PRODUCTION ACTIVITIES BY SECTOR



- FOOD AND BEVERAGES
- TEXTILES AND WEARING APPAREL
- BASIC METALS
- CHEMICALS
- MACHINERY AND EQUIPMENT
- LEATHER AND LEATHER MANUFACTURES

EXPORT-IMPORT TRADING PARTNERS FOR MOLDOVA

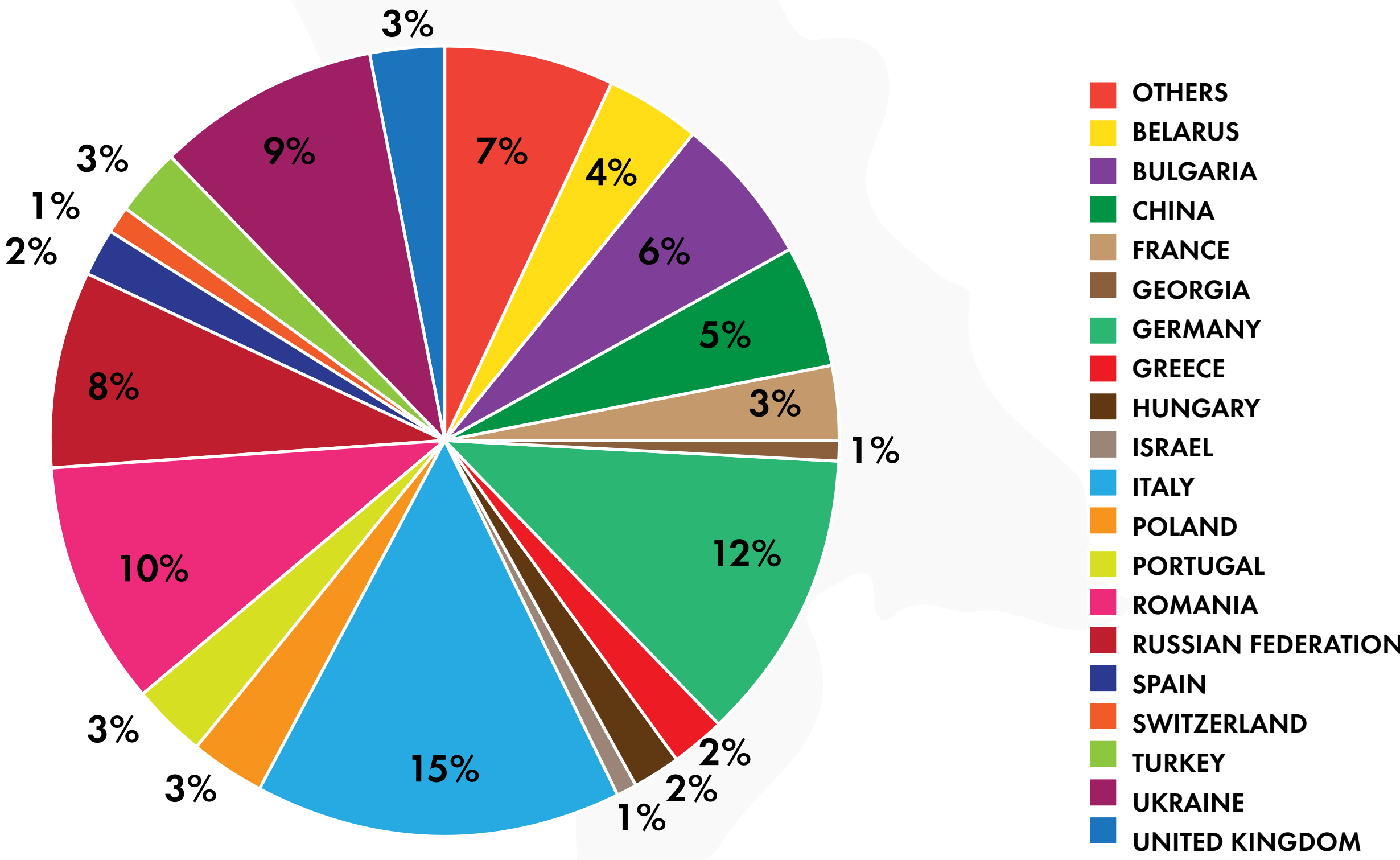
**SURVEYED ENTERPRISES TARGET MARKETS
(SHARE IN REPORTED COUNTRIES OF DESTINATION)**



Others (Australia, Hungary, Republic of Korea, Kyrgyzstan, United Arab Emirates, United Kingdom of Great Britain and Northern Ireland)














EXPORT-IMPORT TRADING PARTNERS FOR MOLDOVA

ENTERPRISES SOURCES OF SUPPLY
(SHARE IN REPORTED COUNTRIES OF SUPPLY)











DOCUMENTARY REQUIREMENTS FOR EXPORTS BY LEVEL OF DIFFICULTY

EXPORT DOCUMENTS

-  Veterinary-sanitary export permit (AVIZ) with a validity period of up to 20 days (livestock)
-  Phytosanitary Certificate (Fresh fruits)
-  Hygiene (sanitary) certificate to prove compliance with pesticides residue levels
-  Veterinary-sanitary export permit (AVIZ) with a validity period of up to 20 days (livestock)
-  Veterinary-sanitary export permit (AVIZ) with a validity period of up to 20 days (Processed food of animal origin)
-  Veterinary certificate (Processed food of animal origin)
-  Conformity Certificate (chemicals)
-  Certificate of Origin (EUR.1)
-  Phytosanitary Certificate (Wood packaging materia)
-  Conformity certificate (livestok and processed food of animal origin)
-  Veterinary-sanitary activity authorization with a validity period of one year (livestock and processed food of animal origin)
-  Sanitary authorization for the transport unit (Processed food of animal origin)
-  Conformity Certificate (wines)

IMPORT DOCUMENTS

-  Phytosanitary import permit (Fertilizers and chemicals for plant protection)
-  Veterinary-Sanitary Import Permit (AVIZ) (Livestock and meat)
-  Authorization for temporary admission (Basic metals; electric machinery and equipment)
-  Phytosanitary import authorisation (Medicine - food supplements)

-  Difficult
-  Rather difficult
-  Rather easy
-  Easy

On what kind of sources do traders rely on?

87% on customs authorities

87% on the national Chamber of Commerce and Industry of the Republic of Moldova

55% on suppliers/buyers in partner countries

Primary sources:

- the institutional websites of these agencies;
- training and awareness raising events about trade regulations and procedures.

54% of traders
participate in
public-private sector
consultations

Traders' concerns:

- the lack of clarity on the terms and requirements of the DCFTA;
- the associated changes to legislation, regulations, procedures, fees, forms and other administrative aspects;
- the timing and consequences of these changes.

BORDER CONTROL

Agencies:

Customs Service
Border guard service
National Food Safety Agency

Control function:

- carried out in a logical and consistent sequence
- carried out simultaneously

Deficiencies:

Customs valuation
Clearance procedures for agro products
Vehicle weighing

TRANSIT TRADE AND REGIONAL COOPERATION

Transit trade is governed by the TIR Convention and the World Customs Organization (WTO) Temporary Admission (ATA) and Istanbul Convention on Temporary Admission.

Strict transit times
(based on a 25 km/h speed)

Fines imposed for exceeding the transit time

Increased transaction costs for traders and road safety hazard.

MCS staff at BCPs routinely control transit traffic

Transit documents are examined in 100% of cases, and truck seals are regularly broken and re-sealed

Moldova put in clear breach of several international conventions. MCS controls over transit traffic should be risk-based and selective.

TRANSPORT AND LOGISTICAL SERVICES

Both the rail and road network are in a state of decay because of the frozen conflict that also affected the need for investments.

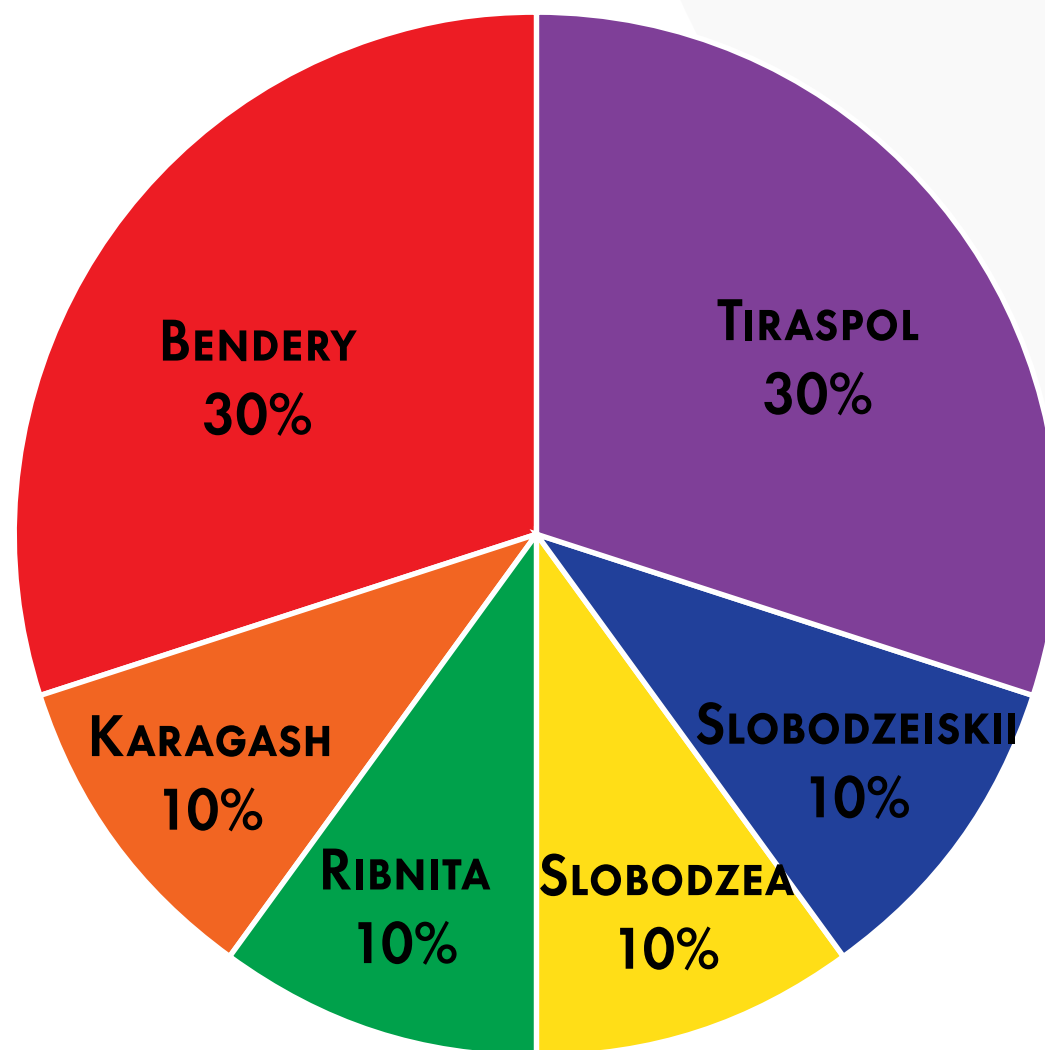
The weaknesses in the country's transport sector not only accentuate the existing conditions of territorial fragmentation, but also undermine its ability to benefit from regional transport development initiatives. Constant budgetary constraints undermine the Government's plans to improve the transport infrastructure.

CHALLENGES FOR EXPORTERS:

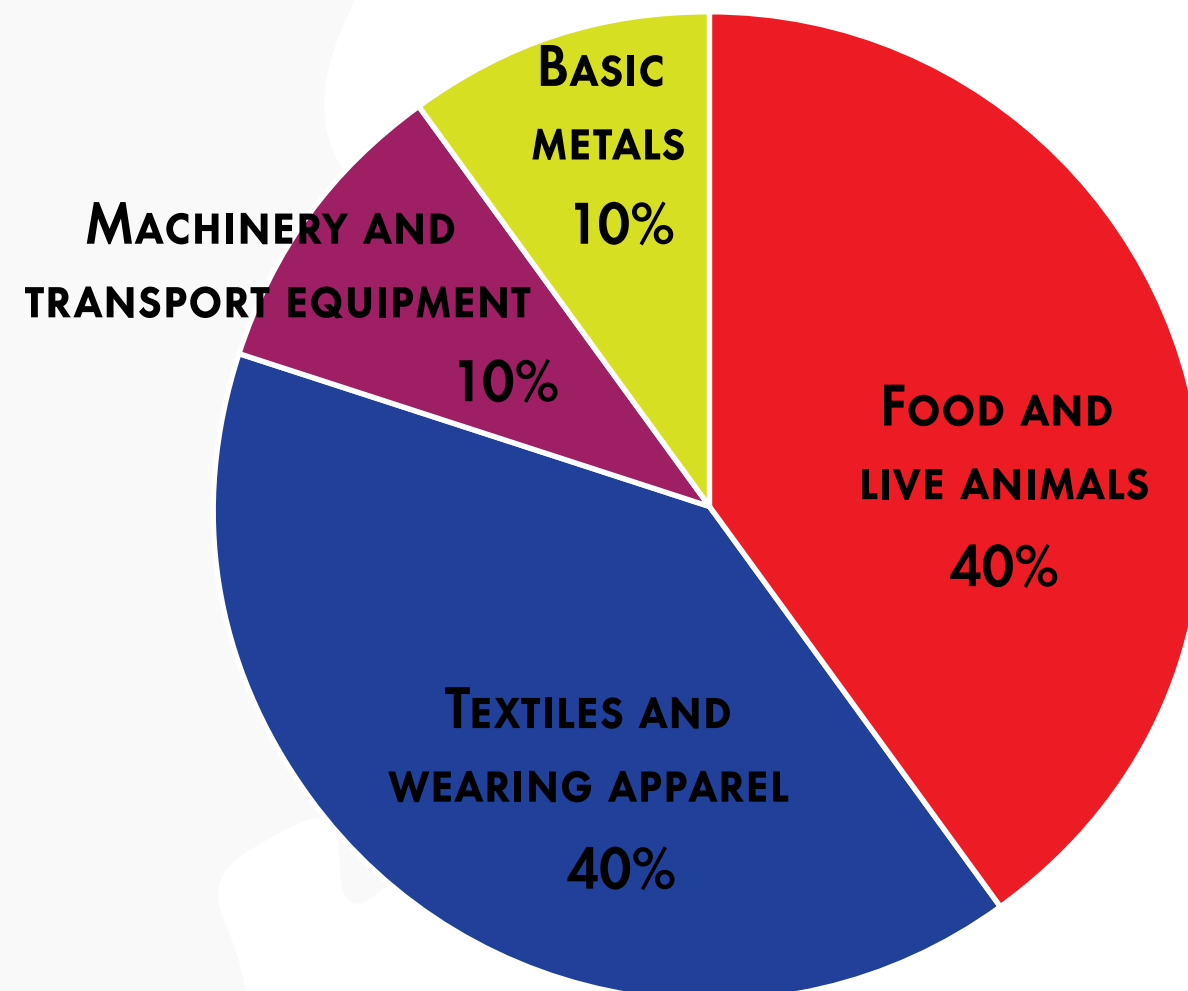
- shipping by rail is complicated by the lack of freight wagons or thermal wagons, making it impossible to transport fresh fruits, vegetables and food to main export markets;
- transport by road through Europe is complicated by EU rules.

TRADERS' PROFILE IN TRANSNISTRIA

BREAKDOWN OF INTERVIEWED TRADERS BY LOCATION (NUMBER OF ENTERPRISES)

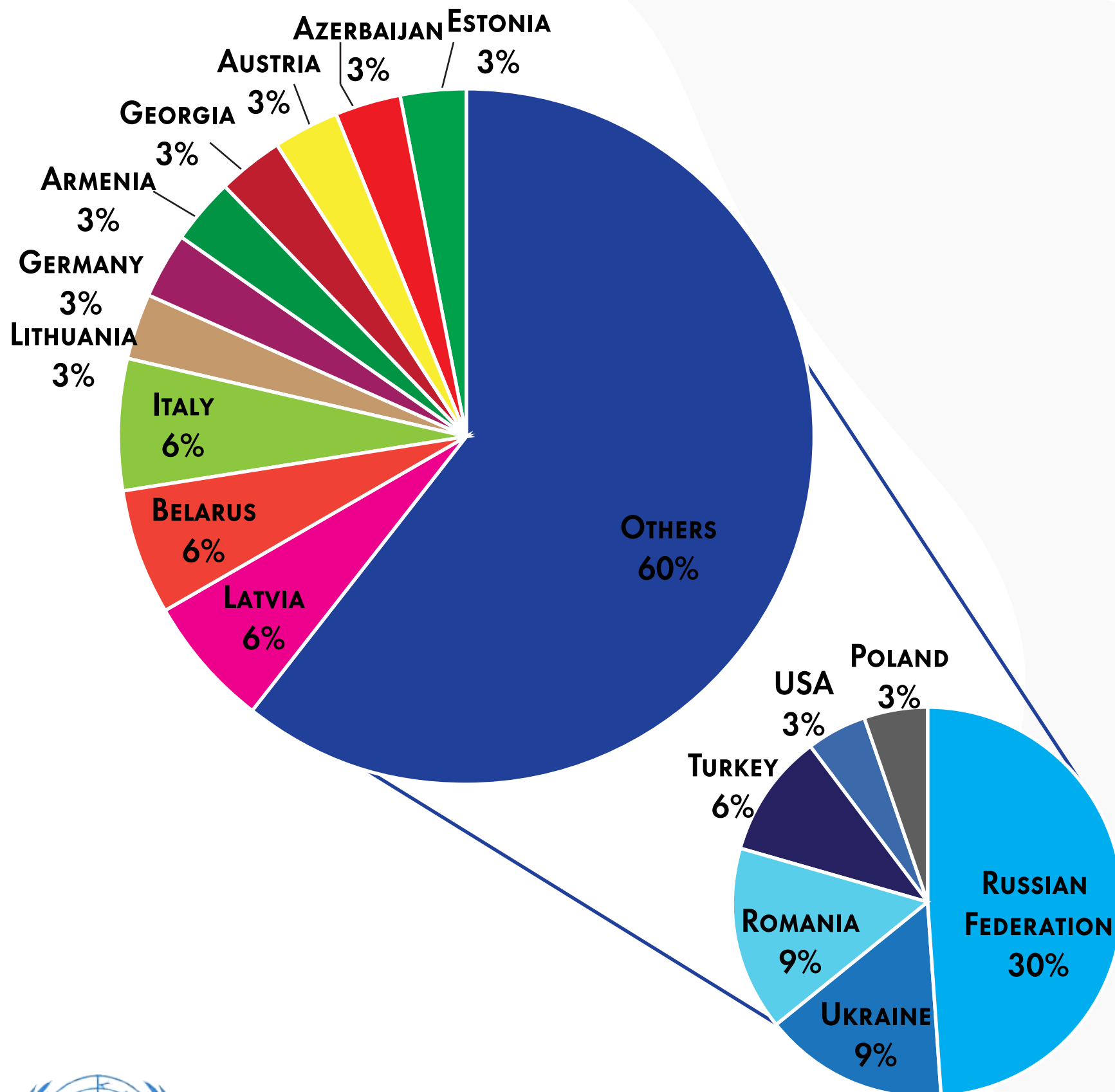


BREAKDOWN OF INTERVIEWED TRADERS BY LOCATION (NUMBER OF ENTERPRISES)

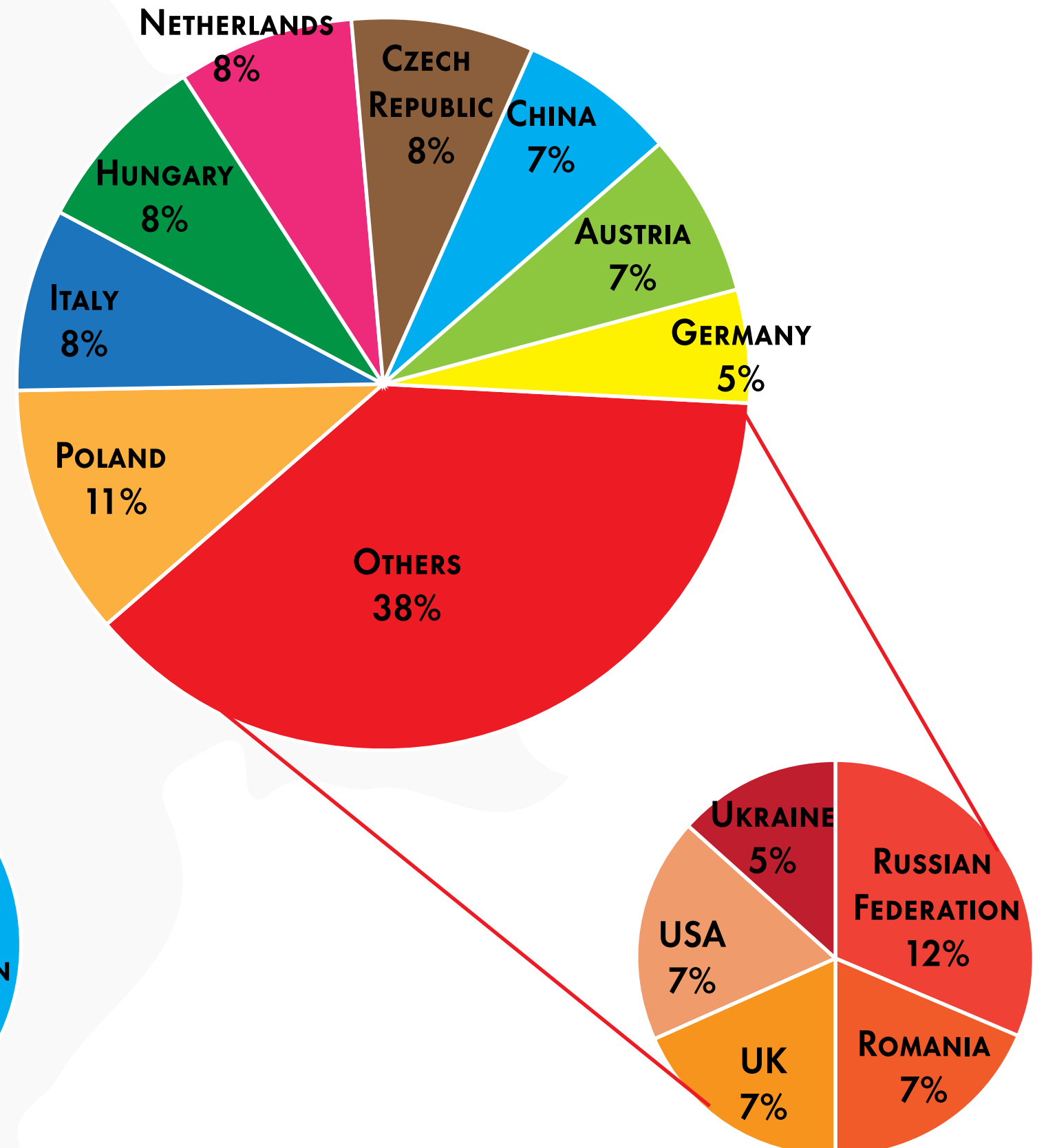


EXPORT-IMPORT TRADING PARTNERS FOR TRANSNISTRIA

**SURVEYED ENTERPRISES TARGET MARKETS
(SHARE IN REPORTED EXPORTS)**

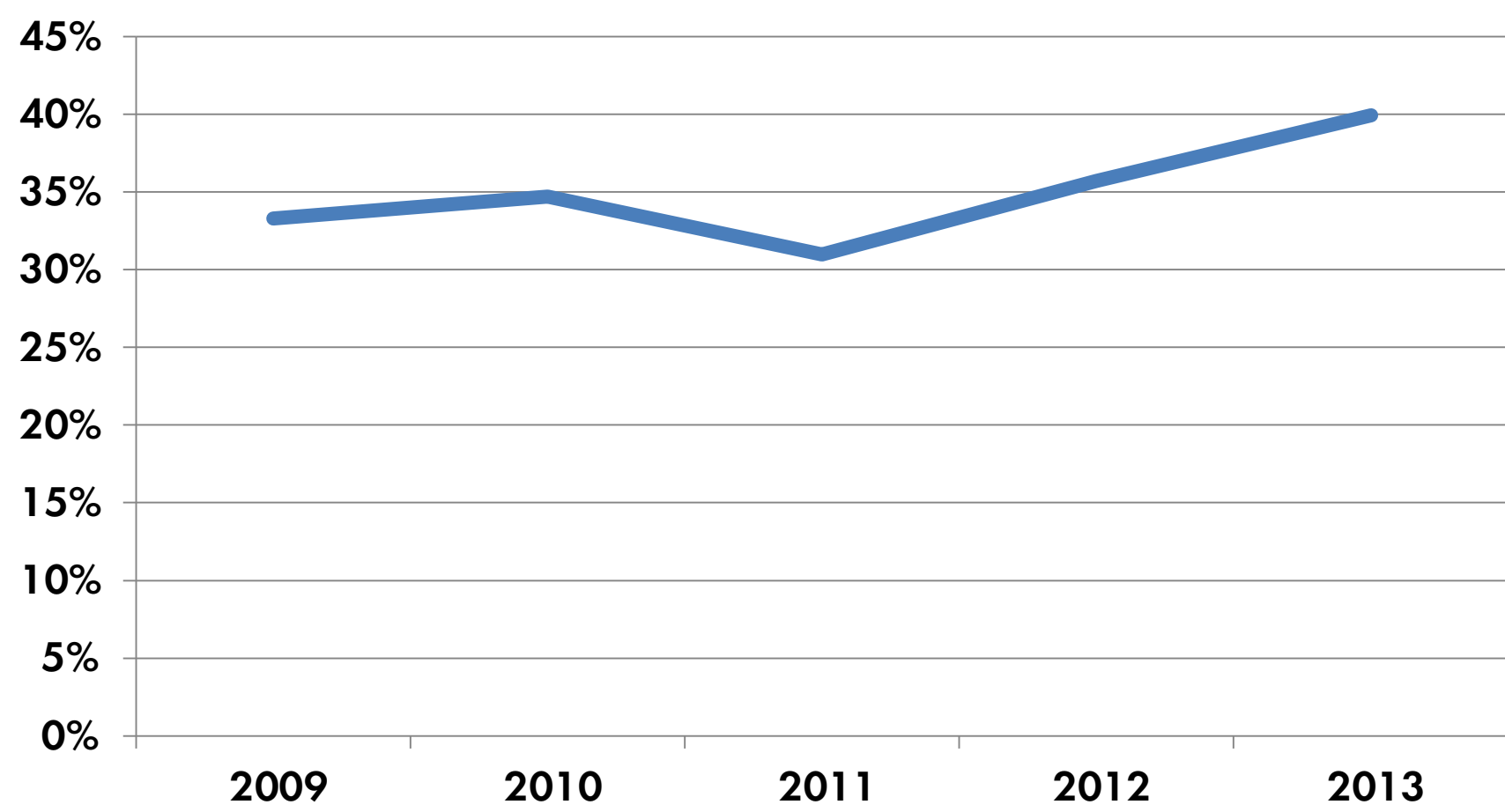


**ENTERPRISES SOURCES OF SUPPLY
(SHARE IN REPORTED IMPORTS)**

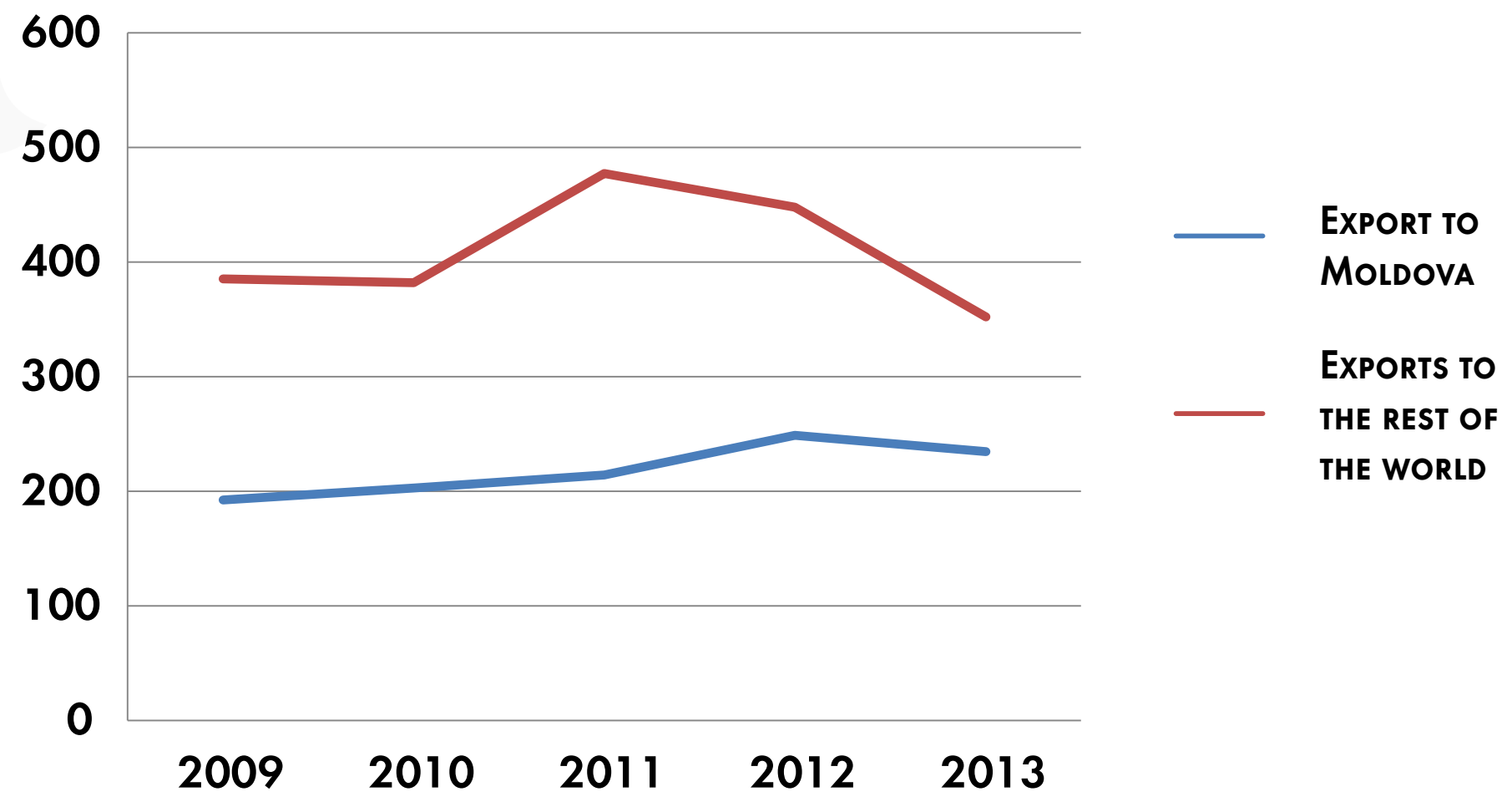


LEFT BANK - RIGHT BANK TRADING

**MOLDOVA'S SHARE
IN TRANSNISTRIA'S
TOTAL EXPORTS**



**EVOLUTION OF
TRANSNISTRIA'S EXPORTS
(IN USD MILLION)**



CONCLUSIONS AND FUTURE PROSPECTS

CONFIDENCE BUILDING

All interviewed traders reported experiencing dwindling demands and a lack of confidence in enterprises on both sides of the river, thinking of them as risky clients.

CONSOLIDATE GROWTH

As important as the need to remove the trade barriers, there is a necessity to consolidate the growth dynamics underpinning the production and commercial networks along the two sides of the river.

INTERNAL TRADE

Internal trade is complicated by the existing regulatory and administrative procedures between the two sides of the river.

TAX CHANGES

Another issue is the absence of a refund mechanism for settling trade tax claims generated from trade transactions between the two banks of the river.

CONCLUSIONS AND FUTURE PROSPECTS

FOREIGN EXCHANGE

Moldovan companies cannot make transfers to Transnistrian enterprises in MDL. This results in currency exchange losses and complicated negotiations over sales contracts.

TARGETED EFFORTS

There is a need for targeted efforts to restore the working relations between the enterprises on both banks of the river.

CLARITY

Traders operating in the west bank of the river reported the lack of clarity over import-export procedures in the region of Transnistria. The expiry of the Autonomous Trade Preferences (ATP) regime extended to the region means that they can no longer benefit from the preferential market access conditions to the EU. Traders are unclear regarding the applicable procedures under the DCFTA and their implication for the region of Transnistria.



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