



**Remarks of the UN Resident Coordinator for Moldova
Mr. Simon Springett**

**On the sixth session of the
Steering Committee on Trade Capacity and Standards**

Chisinau, Moldova
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10.00 am (CEST), ZOOM Platform

Dear colleagues and partners,

Thank you for the invitation to join you to reflect on the importance and relevance of joint work in addressing non-tariff measures and regulatory and procedural barriers to trade in goods, and sustainable development in the context of Covid-19. This is an area where there has been much interest and considerable research undertaken.

In 2020 the 24 members of the UN Country in Moldova conducted 25 assessments and developed 26 policy briefs on the impact of Covid-19 as we built, jointly with government, a Covid-19 Response and Recovery Plan. This allowed for substantive evidence-based policy dialogue and the construction of a project portfolio – valued at just over 100 million USD – to support immediate government priorities.

In this regard, I would like to thank the substantive support of the UNECE in this process as a part of our UN Country Team. In 2020 Moldova's economy suffered a 7% decline in GDP - being heavily affected by restrictive measures that disrupted trade and industrial production, but also by a severe drought that has significantly impacted agriculture.

Moldova's private sector is composed of 98% of MSMEs which contribute to 63% employment and account for 66% of total value added. Within these numbers, more than a quarter of enterprises are registered but not active. The precarious financial situation of many companies is obvious as less than 50% of newly created

enterprises manage to survive their first two years, whereas in the EU the survival rate is close to 80%.

The key challenges faced by MSMEs in Moldova are lack of access to finance, weak technological capabilities, and trade related regulatory and procedural difficulties that make it difficult to comply with EU market requirements. For instance, as pointed out in the UNECE COVID-19 report, and before that in the study on regulatory and procedural barriers to trade, although DCFTA offers export opportunities for Moldovan products on the EU Market, Moldova does not have adequate institutional capacities and tools to monitor and certify the quality of products

Overall, major impediments remain to capitalize on the opportunities offered by preferential trade regimes that Moldova has benefited from in recent years. These have been documented in the UNECE studies – and the government is committed to finding solutions – such as migrating to paperless trade – but the progress has been slow and required external support.

COVID-19 resulted in further weakening export oriented MSMEs. Apart from the growing need for financial assistance, the UNECE study highlighted many key structural weaknesses that must be addressed in view of ensuring fast and sustainable economic recovery, including:

- Enhancing access to information on trade regulations and procedures
- Supporting technological upgrade of production facilities.
- Promoting digitalization of businesses and assisted with respect to regulatory aspects of e-commerce, migrating to paperless trade, and Single Window facilities
- Facilitating economic connections between the two sides of the Nistru River.

Feedback from the private sector, in the course of the assessment, suggests that those companies that have adjusted their activity according to international standards have been able to more easily adapt to the restrictive conditions of the pandemic and are likely to emerge with fewer losses.

Additional to challenges posed by the Covid-19, in 2020 Moldova suffered a severe drought, limiting the capacities of businesses for fast economic recovery. In the past decade alone, floods and droughts caused have caused \$1.2 billion USD in damage to Moldova's economy. Supporting the government in anticipating and preparing for multiple hazards will require additional investments.

The SDGs and sustainable development agenda call for action on reducing the environmental impacts of economic and social activities. Investing in areas such as energy efficiency, water efficiency policies, sustainable food systems, circular production and waste management is important. Addressing these challenges shall be prioritized based on the Government program needs and its capacity to absorb support, as well as with engagement from the private sector.

The UN in Moldova remains committed to working with our government counterparts in addressing the recommendations from these Covid-19 impact assessments – clearly trade related issues and measures will play an exceptionally important role in the speed and the depth of the economic recovery in Moldova

As the UN in Moldova updates our Common Country Analysis we look forward to additional consultations with government and member states.

Thank you