

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

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.

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

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) 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

Legislative Package for the Stimulation of Electronic Commerce

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

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

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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

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.