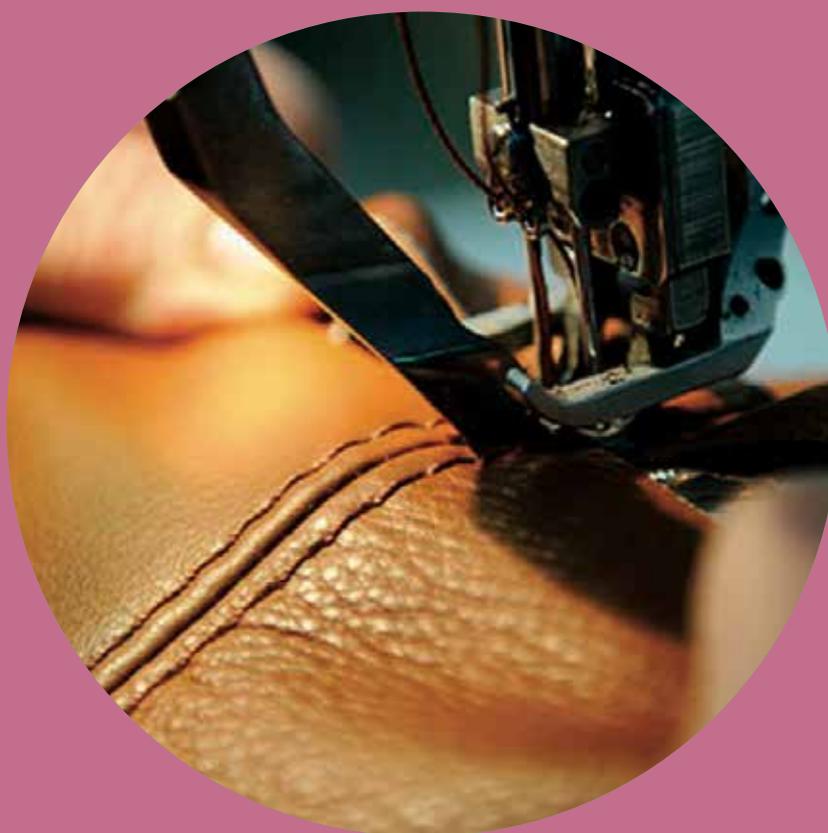


Edition 2020



# **TEXTILE, APPAREL, FOOTWEAR & LEATHER GOODS SECTOR OVERVIEW**

Republic of Moldova

# Key facts



Name:  
**Republic of Moldova**



Capital:  
**Chisinau ca. 814,000**



Population:  
**3.55 million**  
January 1st, 2019.



Area:  
**33,847 km<sup>2</sup>**



Language:  
**Romanian (official)**  
Other spoken languages:



Currency MDL:  
**1 EUR = 20 MDL**  
October, 2020

Doing Business  
2020 Rank **48**

Employment  
rate, 2019 **40.1%**

Inflation rate,  
2019 **4.23%**

GDP per capita  
at PPP, 2019 **\$13,574**

GDP current  
prices, 2019  
billion **\$10,262**

## T AFL



2020/2021

**7%**

Unique tax on turnover  
in IT virtual Parks



**29,000**

People employed in  
the TAFL industry



**2,000**

EUR/job created  
Job Creation  
incentive

**500<sup>+</sup>**  
ha

Free buildable area in FEZ  
all over the country



**2.8**  
EUR/hour

Average full load  
labor cost



**149**

EUR/month  
Minimum salary  
in 2020

**Free Trade Agreements** signed with 43 countries, including:

- **DCFTA** (Deep and Comprehensive Free Trade Area with the European Union) - 500 million population;
- **FTA with CIS countries** (Armenia, Azerbaijan, Tajikistan, Uzbekistan) - 250 million population;
- **FTA with Turkey** - 80 million population;
- **CEFTA** Central European Free Trade Agreement (Moldova, Macedonia, Albania, Serbia, Montenegro, Bosnia and Herzegovina and UNMIK (Kosovo) - 30 million population;
- **GUAM** Organization for Democracy and Economic Development (Georgia, Ukraine, Azerbaijan and Moldova) - 60 million population

**880**

million customers duty-free market



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# The Textile, Apparel, Footwear and Leather goods (TAFL) Sector overview

## Moldova's modern manufacturing sector foundations built on its strong industrial past.

The Moldovan industrial sector has developed along with the privatization and liberalization in trade, especially since 2005, when the quotas in textile and apparel trade were eliminated by the WTO (World Trade Organization).

TAFL manufacturing is an industry with long-standing traditions in Moldova, which started successfully developing after World War II and remains one of the most important industries in the country. Since 1990, it has been restructured, upgraded and re-equipped, in order to meet market economy demands. The industry has recorded a continuous growth since 2000, significantly outperforming the overall development of Moldova's industry. Nowadays, the sector is vibrant and it is represented by approximately 680 enterprises, ranging from micro to big.

Out of the total number of companies, 31 are classified as big companies, while the majority of them are Small and Medium Enterprises (SMEs).

They are active in producing:



The Government's Industry Development Strategy lists the TAFL Sector as one of the key economic branches, given its significant advantages, such as:

- the possibility to engage a large number of employees into various branch activities;
- a relatively fast rotation cycle of current assets;

- moderate investment needs;
- a professional training system for employees in place.

Currently, the TAFL industry plays an important role in the Moldovan economy, representing nearly ca. 14,4% of the country's total export volume, 80% of which are exported to the EU countries, and the rest goes to CIS countries or is consumed in the domestic market.

Main export markets: Italy, Germany, Romania, Austria, France, USA, UK, Belgium, Bulgaria, Netherlands, Poland, Greece, as well as the CIS. Famous brands like Versace, Armani, Max & Co., NafNaf, Trussardi, Primark, Max Mara, Prada, Nike, Dolce & Gabbana, Moncler, Calvin Klein produce their clothes in Moldova.

The TAFL sector employs ca. 29,600 people, which represents 4 percent of the whole economy. Most of these jobs are rural-based and occupied by women (84%).

The TAFL industry production volumes are represented mainly by apparel production (ca. 47%), followed by other textile production (42%) and shoes, leather goods, and others. In 2018, the most significant increases in volume production in the TAFL sector were generated by Leather products (+17%) and Textiles (+5%).



Source: APIUS

As manufacturing moves to lower cost countries, Moldova remains an attractive opportunity for investment in the sector. Its proximity to the EU is a key element among its strategic advantages as a supplier of textiles and apparel.

A large number of enterprises (around 61%) are located in Chisinau and Central region of the country (Ialoveni, Orhei, Straseni districts), 21% in the North region (Balti, Soroca, Floresti, Edinet, Riscani, Singerei districts), and 18 % are in the South Development region (Cahul and Taraclia districts) and ATU Gagauzia.

The competitiveness of the Moldovan products in the TAFL industry is a direct result of a combination of **a high quality level** of finished production that are guaranteed by **modern systems of quality control, the timely realization of contractual obligations** with foreign clients, and a **speedy delivery** to the main markets in EU and CIS countries. This helps promote a broad collaboration between Moldovan enterprises and foreign business partners.

### Business registration

Most companies choose one of the following corporate forms:

- Joint Stock Company (JSC);
- Limited Liability Company (LLC);
- Joint Ventures – partially local investment and partially foreign capital;
- Companies with Foreign Capital – 100 percent owned by Moldova’s non-residents.

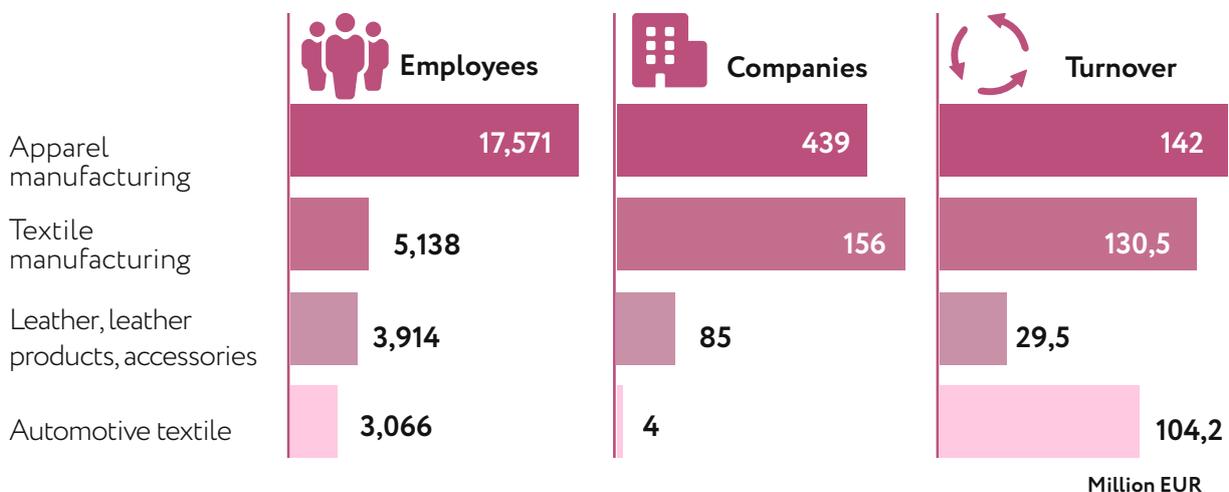
### Areas of cooperation

Several international practices of collaboration are established in the TAFL sector, which are well defined and known: Cut & Make (CM), Cut, Make & Trim (CMT), FOB, Own Label and Private Label. Many apparel and footwear manufacturers managed to launch own label brands in the domestic market. Some of them have been able to penetrate new markets (mostly neighboring countries) with these brands.



Source: Valentin Frunză

### The sector is structured as follows:



Source: National Bureau of Statistics, 2019

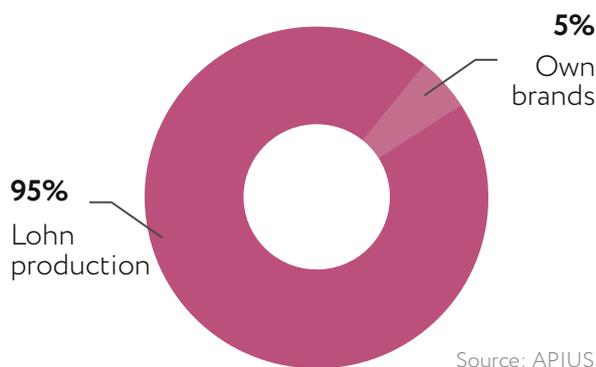
### Main products of TAFL sector produced in 2019

- Knitwear garments: 20.1 million pieces;
- Woven apparel products: 4.92million pieces;
- Footwear: 1,73 million pairs.

Source: National Bureau of Statistics

During the last years, mixed business models continuously evolved, i.e. enterprises took on the purchase of a part of necessary raw materials, and provided an increased value added to the products in Moldova.

### Different degrees of value creation, 2019



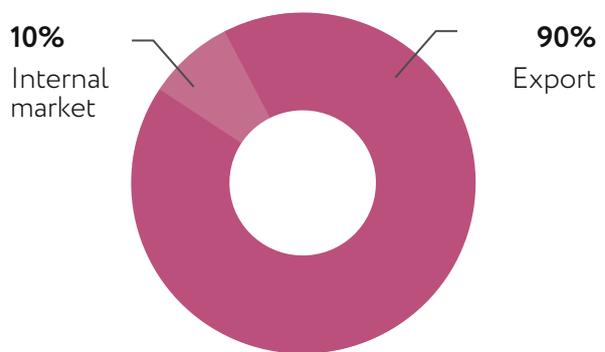
Source: APIUS

The share of exports in the industry is at approximately 90 percent. The largest part of this production is toll manufacturing of sewed and knitted products. The remaining part is concentrated on the export of carpets.



Source: APIUS

### Structure of product deliveries, 2019



Source: National Bureau of Statistics

Export

Services (inward processing): Germany, Italy, USA, Poland, Austria etc.



Source: Vitalie Burlacu



Source: Maalex bags



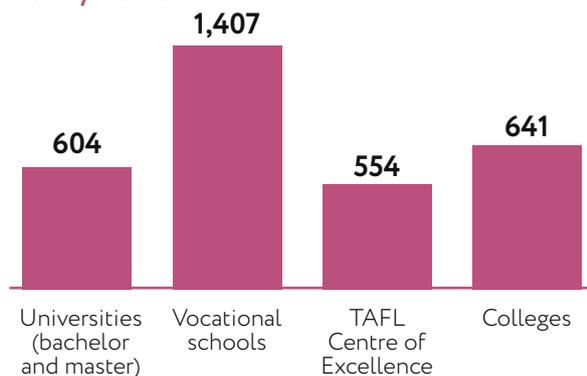
Source: Olsa Shoes

# Education for the TAFL sector

Moldova offers a dynamic, educated and multilingual workforce. It is a melting pot of several nationalities, such as Romanians, Russians, Ukrainians and others.

Moldova's population is a vibrant and adaptable society, with 80% of the population being multilingual and 30.4% of population under 25. Moreover, the younger population prefers to work with international companies, where they can use their competences and skills. The economically active population was around 0.92 million in 2019.

## Number of students enrolled in TAFL study programs by type of institutions, 2019 / 2020



Source: National Bureau of Statistics, 2020

Small and medium sized companies, looking to outsource or set up own operations, will easily find well educated young people, available to work.

Well educated young students, in sector specific faculties, are available to work in companies and increase their productivity.

The TAFL industry in Moldova boasts a highly qualified labor force due to its educational system, including both secondary vocational and university levels. Tailors and technicians are educated in specialized vocational schools evenly spread throughout the country. Higher levels of education at specialized university departments offer post-graduate education in related fields. Design experts are educated in numerous secondary vocational schools, colleges, and universities.

The TAFL specialities in Higher Education Institutions are the following:

- Machines and Equipment Light Industry;
- Textile, Apparel, Footwear and Leather processing;
- Engineering in Textile and Leather products;
- Industrial Fashion Design;
- Technology of Fabrics.

University and Center of Excellence:

- Technical University of Moldova;
- Pedagogical State University;
- Academy of Arts;
- Light Industry College Balti;
- Technological College Chisinau;
- Center for Excellence and Acceleration in Design and Technologies "ZIPhouse";
- Center for Excellence Light Industry Chisinau.

## Dual Vocational Education

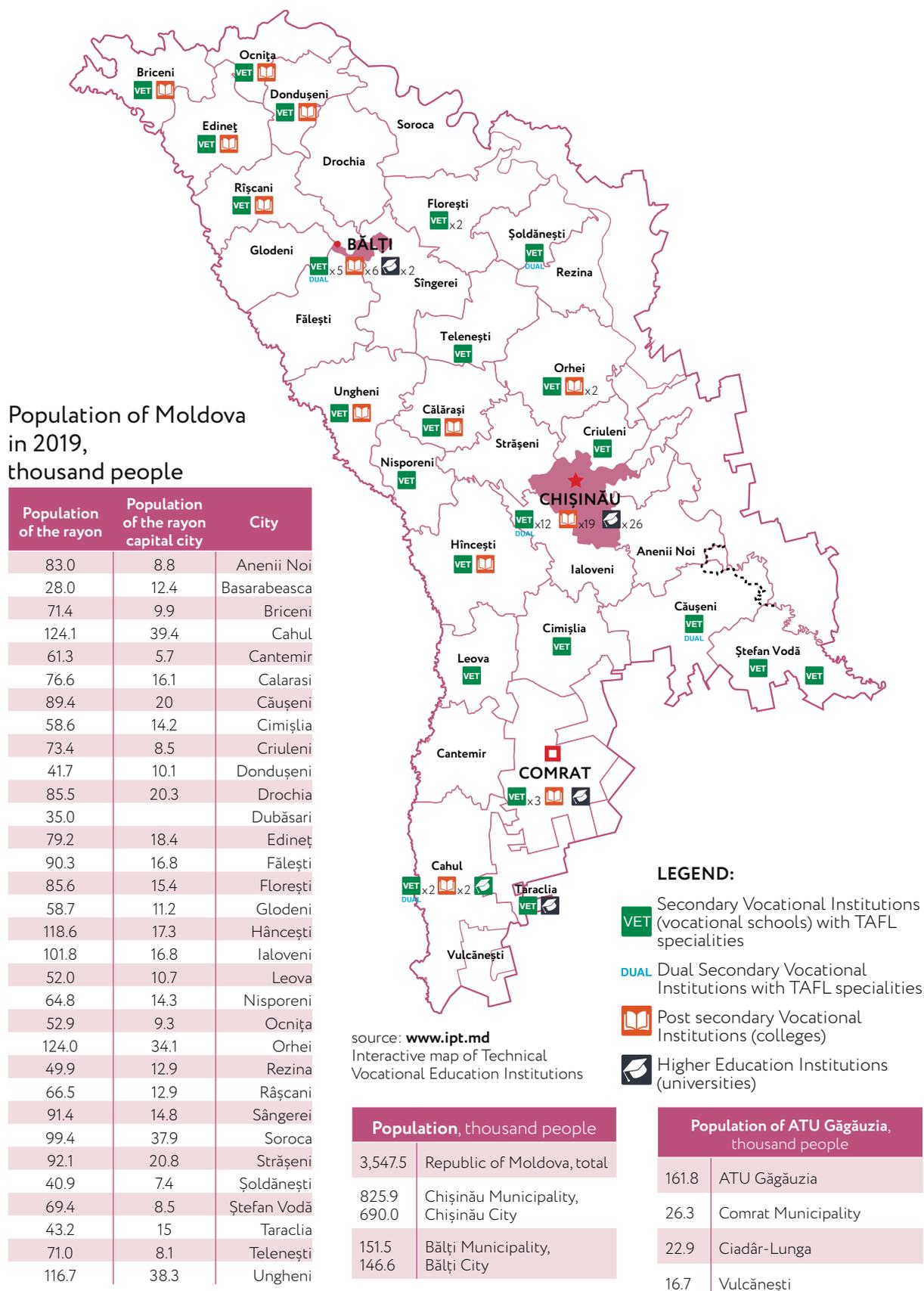
TAFL companies are being supported in Dual Vocational Education Training (VET). There is an enhanced set of education policies as well as a strengthened institutional framework to support implementation of demand-driven VET by adopting Dual elements.

The Center of Excellence and Acceleration in Design and Technologies „ZIPhouse” was created within the Technical University of Moldova in September 2015. The Center is located in the Capital City Chisinau and contributes primarily to training and improving the competences and special abilities of students, novice designers and specialists in the field, in accordance with the demands of the Industry. This is achieved through a symbiosis of the best educational practices and advanced technologies for design projection and technological manufacturing of clothing, accessories and footwear.



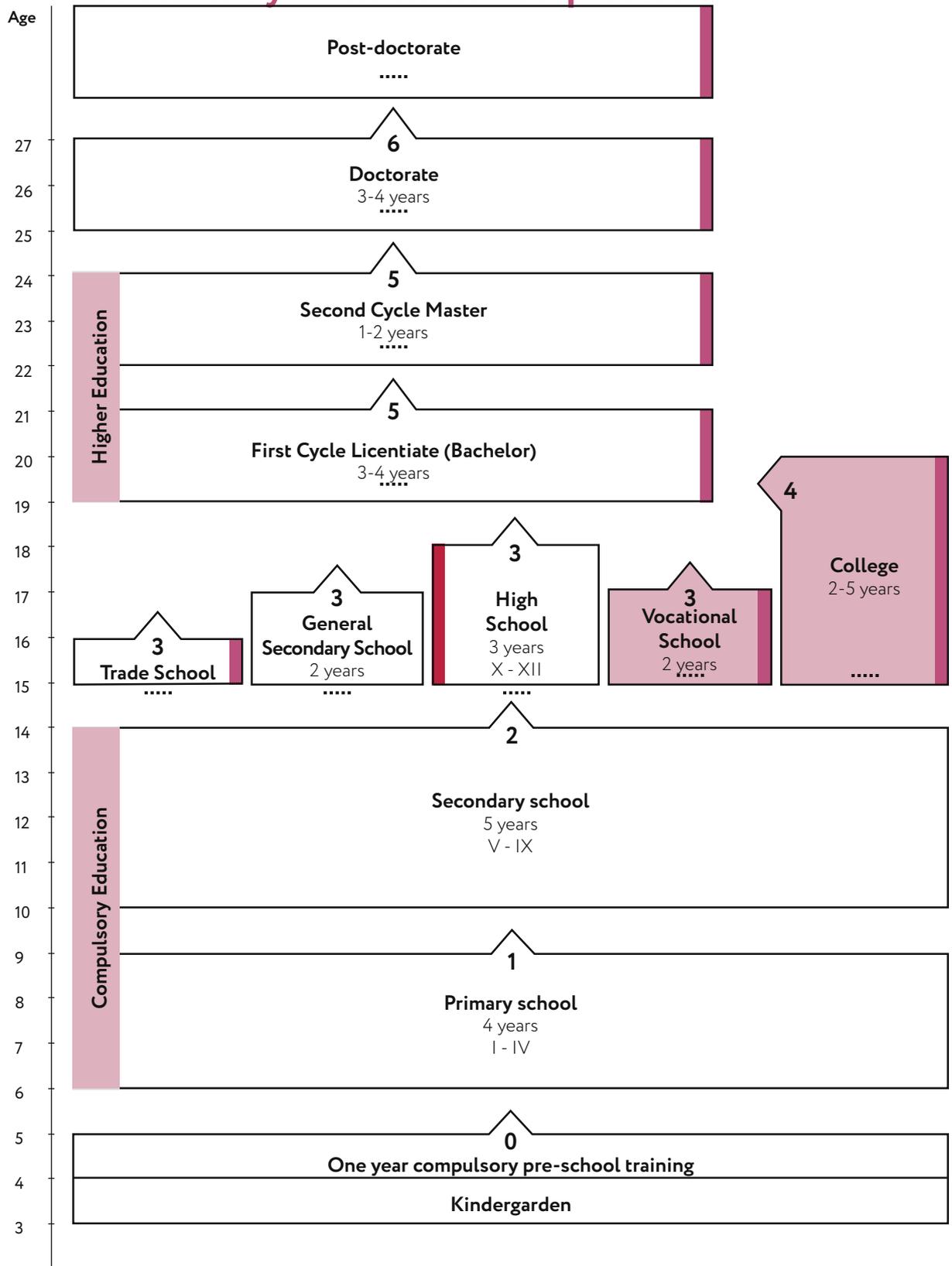
Source: Invest Moldova

## Educational institutions in TAFL sector



For latest updates please open interactive map on <http://www.ipt.md>

# Education system in the Republic of Moldova



ISCED level    
 ..... Competition based enrolment    
 The baccalaureate exam    
 Exit to labor market    
 Dual Vocational Education

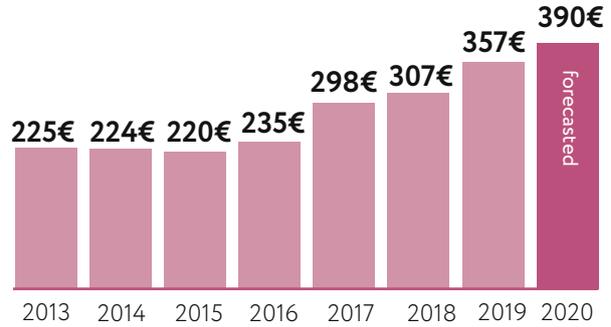
# Operating costs and taxes

Moldova offers a highly-skilled, competitively priced workforce. This provides an attractive basis for a successful business.

The gross wages in Moldova in the industry sector range from 180 EUR to 450 EUR, depending on the region and professional level of the employee, which is lower than wages in the region. Compared to other Eastern European countries, Moldova's unit labor cost is stable and slowly growing.

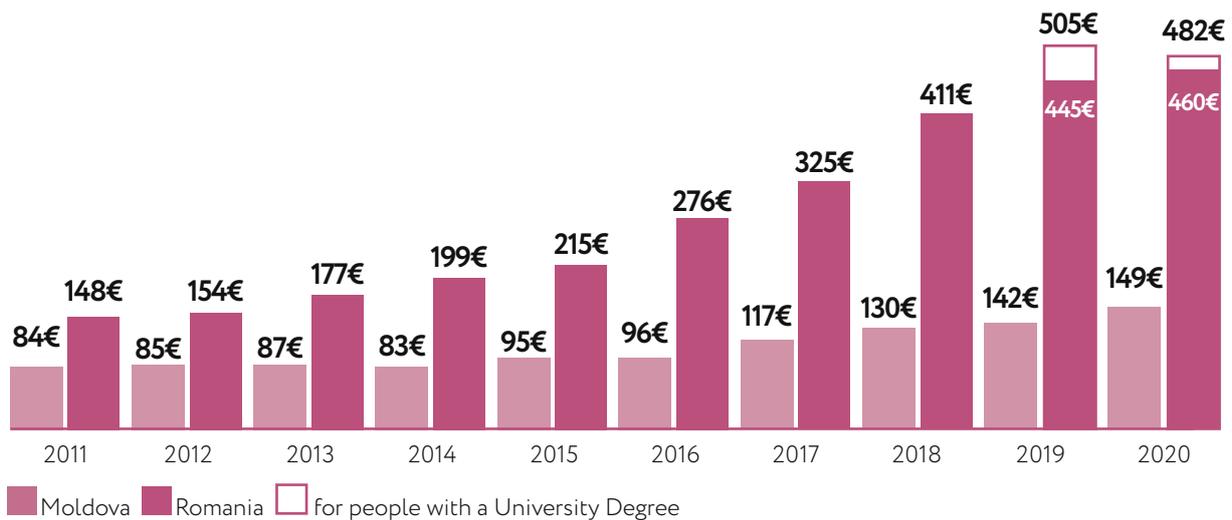
Moldova's labor force combines competitive cost with high productivity, thus reflecting the key factor for a strong business performance.

## Evolution of the average gross salary in the economy



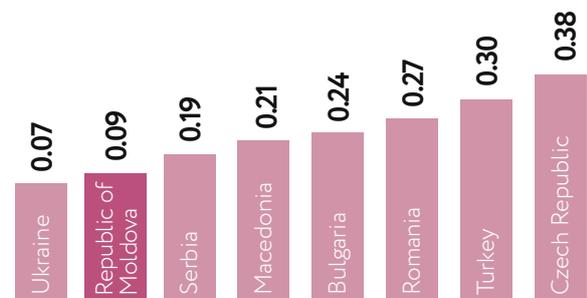
Source: National Bureau of Statistics, 2020

## Evolution of the minimum wage in the Republic of Moldova and Romania



Source: National Bureau of Statistics Moldova, Romania

## Cost per minute in EUR for Automotive Cut & Sew



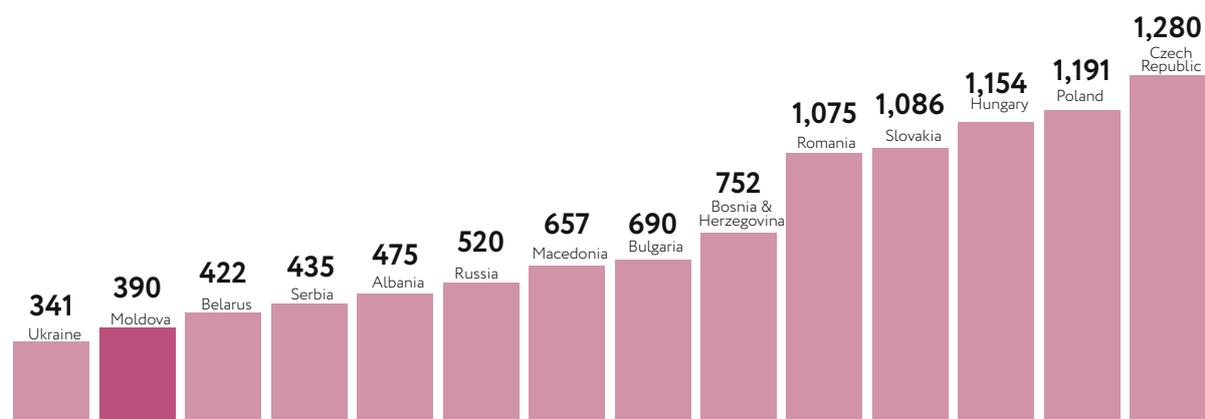
Source: Invest Moldova, 2020

## Corporate Income Tax



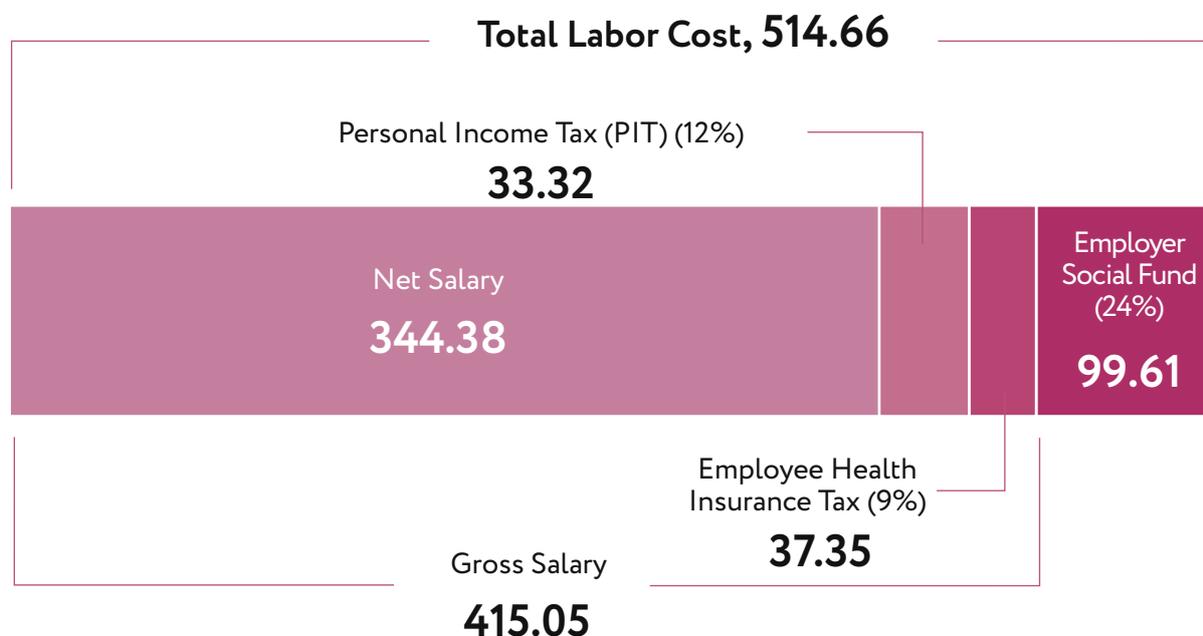
Source: PWC, worldwide tax summaries

## Average monthly wages in comparison, 2020 (EUR)



Source: Trading Economics, Wages, 2020.

## Structure of the average salary in Moldova, 2021 (EUR)



\* This table is using the average forecasted salary for 2021 – ca. 415 EUR (8,716 MDL)

\*\* The calculation was made using the personal allowance for the employee (2,100 MDL/month)

Annual personal allowance 25,200 MDL is valid only for residents with annual taxable income under 360,000 MDL.

Source: Invest Moldova

## Utility costs, 2020



### Electricity

"Premier Energy"  
0.09 EUR/kWh - 0.4 kV  
0.07 EUR/kWh - 6,10 kV  
"FEE Nord"  
0.1 EUR/kWh - 0.4 kV  
0.08 EUR/kWh - 6,10 kV



### Water

1.8 EUR/m<sup>3</sup> - Ceadir-Lunga  
1.62 EUR/m<sup>3</sup> - Calarasi  
1.72 EUR/m<sup>3</sup> - Soroca



### Sewerage

1.12 EUR/m<sup>3</sup> - Ceadir-Lunga  
1.33 EUR/m<sup>3</sup> - Calarasi  
1.13 EUR/m<sup>3</sup> - Soroca



### Gas

0.19 EUR/m<sup>3</sup> - high pressure  
0.2 EUR/m<sup>3</sup> - medium pressure  
0.22 EUR/m<sup>3</sup> - low pressure

## Textile sub-sector overview

Moldova's textile industry is represented mainly by the rug industry with an annual production capacity of over 5 million square meters. The carpet manufacturers are primarily export-oriented, the two major ones being Floare-Carpet and Moldabela (with affiliated yarn manufacturer Filatura-Ungheni).

Floare-Carpet is specialized in the production of wool rugs, while Moldabela specializes in wool and synthetic fiber rugs. Most wool used in production comes from New Zealand. Around 10-15 percent of the total volume of used wool is bought locally. Synthetic fibers, such as Acrylic, Polyester and Polypropylene are mostly imported. Floare-Carpet factory has an integrated mill, while Moldabela factory buys yarn from the sister mill. Both companies enclose the whole value chain. The majority of rugs (63%) are sold to European countries, around 28% to CSI countries, and the rest to other markets such as Japan and USA, and the domestic market.



Source: "Moldabela"

Euro-Yarns is a Moldovan-Belgian joint venture and a resident of the 'Ungheni-Business' Free Economic Zone. It produces synthetic yarns for the carpet industry (woven and tufted). Production is exported mainly to EU countries (Belgium and Poland), as well as CIS countries, while 30% is delivered to the neighbouring FEZ resident 'Moldabela' LTD.

Although carpet manufacturing represents the greatest share of the textile industry in Moldova, there is also manufacturing of cotton, bed linen and hosiery. These are unique for the country and are represented by one cotton and bed linen factory in Tiraspol and one hosiery producer in Chisinau.



Source: "Euro-Yarns"

## Apparel sub-sector overview

The apparel industry has benefited from the near-shoring of the production of fashionable knitted and woven clothing for the EU market.

In the past 5 years, the apparel industry represented more than half of the turnover in the TAFL industry.

The apparel sector of Moldova is one of the oldest branches of the economy and continues to remain vibrant and competitive. This is because it is based on one of the most important available resources in Moldova: a strong and competent labor force. It is a sector with longstanding traditions in manufacturing a wide range of products.

Moldova combines several unique features that will contribute to the further growth of the sector: due to its geographical location, Moldova delivers **Fast Fashion**. Within 1 truck day, goods are delivered to Eastern Europe, within 2 truck days to Western Europe. Moldova perfectly satisfies the ever-growing demand for **Sustainable Fashion**.

The Moldovan apparel industry is price competitive, while maintaining social and labor security standards. The proximity to the EU market gives customers the possibility to outsource large parts of the value chain.

### Main strengths of Moldovan apparel sector:



Competitive price



Short lead times



High quality



Flexibility in order sizes

In 2019, there were an estimated **439** registered apparel producing companies in Moldova, of which an estimated 19 are considered to be large companies, 143 small and medium sized enterprises (SMEs) and 277 micro companies.

The domestic apparel consumer market is highly competitive due to the cheap clothing from China and the lively trade in second hand clothing. Additionally, the size of the population is small, salaries are low and the average annual expenditure on consumer goods is less than half of the expenditure in other countries in the region.

In order to be able to produce at full capacity, the majority of Moldovan apparel producers are currently dependent upon export to the EU, CIS and Turkish markets.

In 2019, around 70 percent of the Moldovan apparel-producing companies worked on C&M/CMT basis for EU export markets, led by Italy, UK and Germany. The provision of C&M/CMT production often does not require large investments for producers.

In addition, they do not have to purchase their own raw materials, as this is done by their European buyers. In the past few years, Moldovan producers managed to develop a skilled workforce capable of working with new technologies and producing high quality clothing. This was mainly a result of producing for high-end brands such as Prada, Armani, Dolce & Gabbana, Calvin Klein, etc.

Most apparel producers are acting as subcontractors. They receive the raw materials (fabrics) from their foreign customers in Inward Processing/ Toll Manufacturing.

There is a high potential for investment in TAFL sector using the local sectoral competences.

The new legislation on IT Virtual Parks provides the opportunity to become more active in design and construction of apparel.

The law on Information Technology Parks (IT Parks) was approved by the Government of the Republic of Moldova in 2016. The novelty of this law consists of benefiting from a distinct tax regime of only 7% on turnover.

## Footwear, Leather and Accessories sub-sector overview

The footwear, leather and accessories sector in Moldova accounts for ca. 1,25% out of total exports, out of which 92% are sold in EU countries. The industry employs an estimated 4,000 people in around 85 companies, located throughout Moldova, with concentrations in Chisinau, Soroca and Transnistria. The operators in this industry follow 3 types of business models:

- Contract manufacturing for the EU market;
- Production and distribution on the local market;
- Production and export to Central Asia and regional markets (such as Russia, Kazakhstan).



Source: Maritan Sor



Source: Lear Corporation

The technological level of footwear and accessories companies allows them to produce competitive products. This is confirmed by longstanding cooperation between Moldovan companies and renowned foreign brands from Italy, Germany, UK, France and Romania. The fashion accessories industry, specifically the production of footwear, handbags, synthetic and leather goods, creates significant exports for Moldova.

There is an established supply chain of components for footwear which are imported from Italy, Germany, Spain, Poland, Ukraine, Romania and Turkey. The price per minute in the footwear industry at 0.09 Euro is lower than that of other countries in Central Europe, the Baltic States, Ukraine, and Belarus. Most of footwear and accessories companies are small or medium sized, and capable to handle small production volumes with ease.



Source: APIUS

## Specific incentives, investment opportunities

Current industry trends are further enhancing the competitiveness of Moldova.

- **Fast fashion** remains important in the EU markets. As demand in the EU is more fragmented and less predictable, retailers prefer to order smaller quantities, with shorter delivery times and on an irregular basis. Moldova can offer both flexibility in production and fast delivery ( 2-3 days compared to 4-6 weeks from China).
- The demand for **ethical clothing** continues to grow in the EU. More and more European retailers and brands focus on **Corporate Social Responsibility (CSR)** to ensure decent working standards. Moldova has high standards for social security and rights of workers.
- There is a growing demand for **sustainable clothing**. Organic and sustainable fabrics are available from European and Turkish fabric suppliers. In addition to this, Moldova is located near the European market, which has a positive effect on the carbon footprint of its products.
- Moving from CM to CMT or FOB production. European buyers are searching for manufacturers which can offer added value.



Source: Ionel

- As a middle class develops in nearby eastern EU countries and in the other CIS countries, demand for fashionable knitted and woven clothing, sports clothing, work-wear and baby clothing is expected to develop further. Opening up factory outlets or single brand stores in these countries could be a chance to get easier access here.
- Rising wages in China have increased the costs of Chinese apparel imports, and European buyers are looking for new production locations. This has resulted in a growing interest in Eastern European production possibilities.
- Because of the rising costs in the neighboring countries, Moldova is the next logical country for European buyers to expand to. The price per-minute cost in Moldova is competitive.
- New European brands, small retail chains and web-shop brands are an important target niche market for Moldova. These companies are not looking for the lowest price, but for quality and flexibility.



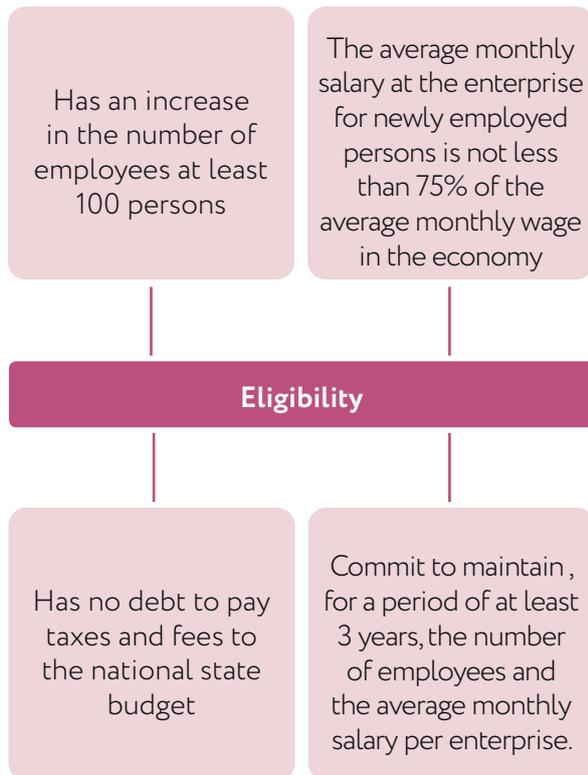
Source: Brio

**All companies operating in the TAFL industry sector benefit from:**

**• Job Subsidy Regulation**

In order to stimulate economic agents to create new work places, the draft of the Job Subsidy Regulation was approved in 2017.

All legal entities who practice entrepreneurship in the Republic of Moldova whose grant application has been positively assessed, may benefit from a grant. For each created job, a subsidy of 2000 Euro can be offered for the year of 2018.



**• Incentives to import raw materials used to produce export goods**

Export manufacturers registered in Moldova are entitled to request the deferral of the payment due date for VAT and customs taxes.

This is applicable for the period of the production cycle, but no longer than 180 days. It is valid for raw material, materials, accessories, primary packaging and imported finishing items that are used exclusively for manufacturing of export goods.

**• Exemption from VAT payments and customs duties** on raw materials and supplied components, based on Free Trade Agreements, e.g. CIS, DCFTA, GUAM, Turkey, etc.

**• VAT and customs duties exemption** for imported goods introduced in equity capital.

**• Deep and Comprehensive Free Trade Agreement (DCFTA)** with the European Union, which provides improved access to the EU market of 500 million consumers for Moldovan goods and services, as well improved investment opportunities.

**• Moldova joined the Convention on Pan-Euro-Mediterranean preferential rules of origin.** Companies active in member states are now allowed to cumulate the origin from different countries.

Enterprises producing in Moldova can import raw materials from third countries directly, process it in Moldova and export it as Moldovan goods to the EU or other member states of the Convention.

Thus, Moldova's accession to the Convention opens new opportunities for business, processing industry and cooperation with the countries of EU, CEFTA and Turkey.

**• Competitive price for acquisition of the construction land.** Foreign investors can acquire and for construction of 0.15-3.5 euro/m<sup>2</sup> in the Free Economic Zones.

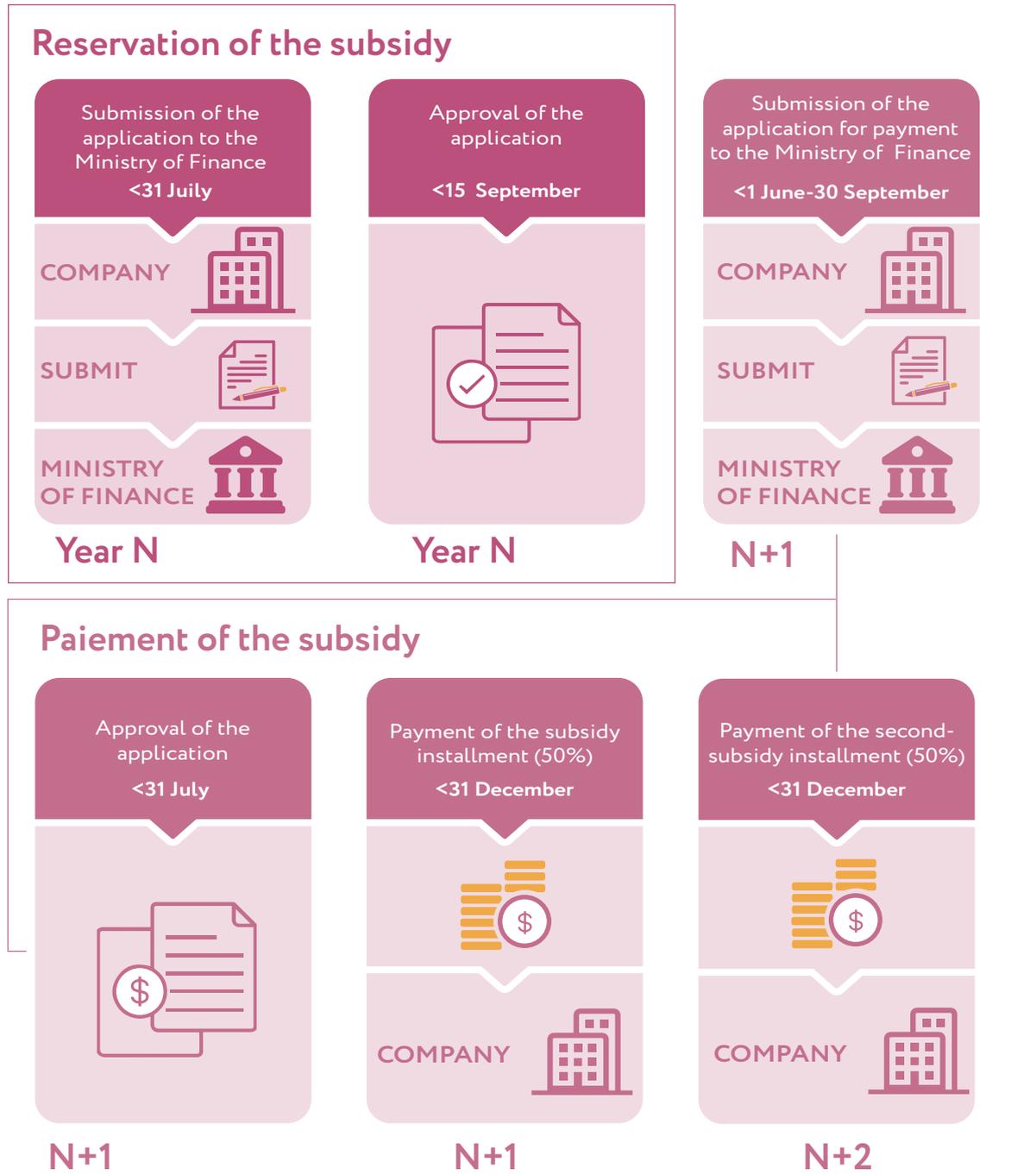


Source: Lear Corporation

# Job creation subsidies

40,000 MDL (approximately 2,000 Euro) per job created → at least 200,000 Euro per company.

ATU Gagauzia grants additional 20,000 MDL (approximately 1,000 Euro) per job created, and incentives for training costs (50% for first 3 months' salary).



## Eligibility criteria

- Creation of >100 new jobs
- Jobs maintained for at least 3 years
- Salary paid is not less than 75% of the average annual salary

**Ministry of Finance**  
[www.mfgov.md](http://www.mfgov.md)  
 Tel.: +373 22 26 26 81

**Ministry of Economy and Infrastructure**  
[www.mei.gov.md](http://www.mei.gov.md)  
 e-mail: [consult.subventionare@mei.gov.md](mailto:consult.subventionare@mei.gov.md)

## Free Economic Zones

The Free Economic Zones (FEZ) represent excellent platforms that are convenient to export-oriented manufacturing companies, which intend to benefit from a preferential customs and tax regime.

There are 7 FEZ in Moldova, located either near a border, or in big cities. These FEZ offer preferential conditions and a dedicated customer-oriented administration.

Activities in the FEZ are limited to industrial production, packaging, trade, transportation, logistics and utilities, with priority given to manufacturing. Moreover, Giurgiulesti International Free Port and Marculesti Free Airport offer quite similar conditions to the FEZ.

### Incentives in Free Economic Zone (FEZ)

**0% CIT** for a period 3 (5) years when investing at least 1 (5) million USD

**0% VAT** no Excise and Customs duties

**10 YEARS** State guarantee on legislation changes

**24/7** Customs office on site



Road and utilities infrastructure



EU border green lane (AEO)



Dual vocational system



Ongoing professional support by FEZ Administration



0.15 - 3.5 euro/m<sup>2</sup> land sales price



EUR/USD payments among FEZ residents



Minimal state inspection and control regime

## Industrial Parks

Industrial parks (IP) are delimited territories in which industrial production, services provision, applied scientific research and/or technological development are carried out under some preferences. There are 8 Industrial Parks in Moldova: IP Tracom (Chisinau), IP Bioenergagro (Drochia), IP Cimislia (Cimislia), IP Raut (Balti), IP CAAN (Straseni), IP Edinet (Edinet), IP Triveneta Cavi Development (Straseni), IP Comrat (Comrat).

### Incentives in Industrial Parks



Free re-zoning of agricultural into industrial land;



Normative (below market) prices for the purchased land;



Reduced rental price for state land;



Free connection to existing infrastructure in the park;



Minimal state inspection and control regime.



Source: Invest Moldova. Free Economic Zone Balti, Subzone 2

# Free Economic Zones & Industrial Parks



FEZ Location name
FEZ Otaci Business
FEZ Mărculești Hub Airport (Florești)
FEZ Bălți
Subzone Strășeni
Subzone Pănășești
Subzone Căușeni
Subzone Orhei
Subzone Cahul
Subzone Rezina
Subzone Fălești
Subzone Cimișlia
Subzone Ștefan Vodă
Subzone Chișinău
Subzone Pirta
FEZ Ungheni Business
Subzone Călărași
Subzone Nisporeni
Subzone Hânțești
Subzone Soroca
FEZ Expo Business Chișinău
Subzone Sângera
FEZ Tvardița
FEZ Taraclia
FEZ Valkanes (Vulcănești)
Subzone Comrat
Subzone Ceadăr Lunga
FEZ Giurgiulești Free International Port

Arad, RO - 654km  
Craiova, RO - 641km  
Pitești, RO - 531km  
Bucharest, RO - 407km  
MD: Leușeni  
RO: Albița

Timișoara, RO - 697km  
Craiova, RO - 481km  
Pitești, RO - 370km  
Bucharest, RO - 255km  
Constanța, RO - 215km  
Galați, RO - 10km  
MD: Giurgiulești  
RO: Galați

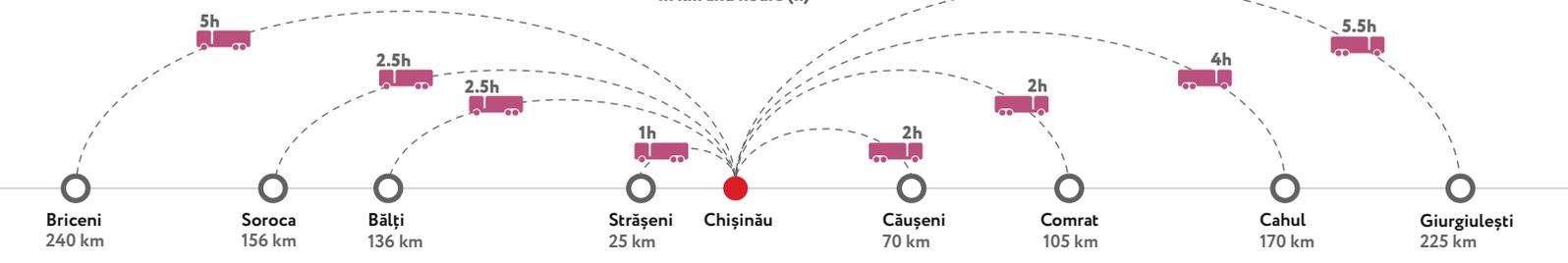
Kaluga, RU - 1063km  
Kiev, UA - 385km  
Vinnytsa, UA - 120km  
Mohyliv-Podolskyi, UA - 0.5km  
MD: Otaci  
UA: Mogiliov-Podolisc

Odessa, UA - 77km  
MD: Palanca  
UA: Udobnoe

### LEGEND:

- FEZ
- FEZ Subzone
- Industrial Park
- Border Pass
- Airport
- Sea/River port
- Route number
- Motorway Project

### Main distances in km and hours (h)



# Virtual Park incentives for R&D and Engineering

The Information Technology Park is governed by the Law no.77 on IT Parks. The purpose of the law is to boost the growth of the information technology industry, R&D, Engineering, create new jobs and attract local and foreign direct investment.

One of the incentives granted by the state to the residents of IT parks, is the application of a single tax of 7% on the sales revenue.

The main benefit for residents of IT parks is the simplification and reduction of taxation. A unique tax of 7% from the turnover is replacing

CIT (corporate income tax), PIT (personal income tax), social security and medical insurance taxes, local and real estate taxes.



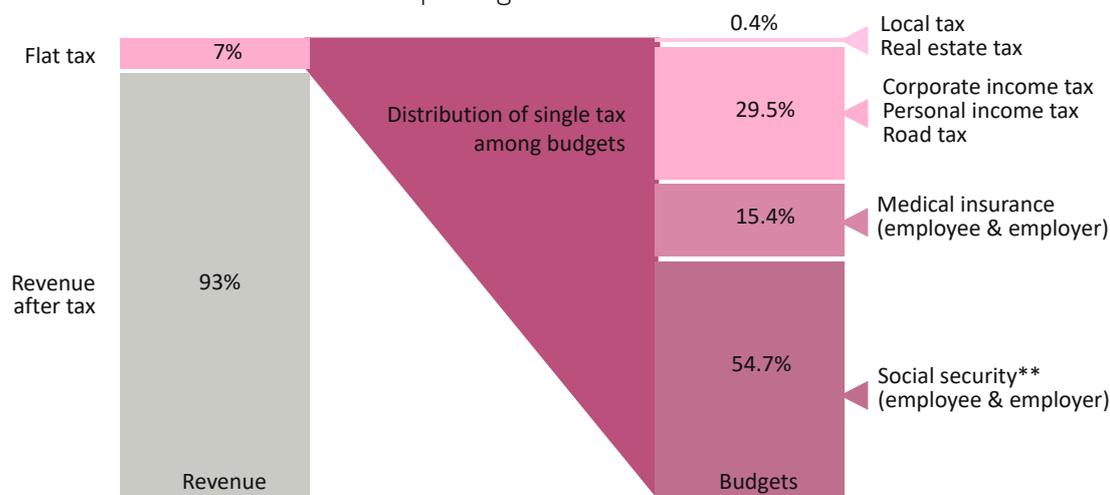
reduced time and staff needed for tax calculation and accounting;



significantly reduced risk of committing errors in calculating the tax obligations;



significantly reduced risk of sanctioning by inspection authorities.



\* 7% of revenue, but not less than 30% of an average salary in the economy, multiplied by the number of employees (EUR ~398 x 0.3 = EUR ~119, as of 2019). The single tax does not cover tax on dividends, VAT, excise taxes.

\*\* All IT Park employees benefit from social security coverage limited to 2/3 of an average salary in the economy (EUR ~398 x 2/3 = EUR 265, as of 2019)



customized software development activities (customer oriented software) (62.01)\*;



editing of other software products (58.29)\*;



management activities (management and operation) of computing means (62.03)\*;



other research and experimental development on natural sciences and engineering (72.19)\*;



computer game editing activities (58.21)\*;



motion picture, video, and television programme post-production activities (59.12)\*;



other education n.e.c., limited to computer training (85.59)\*;



data processing, web page management and related activities (63.11)\*;



information technology consulting activities (62.02)\*;



other information technology service activities (62.09)\*;



research and experimental development on biotechnology (72.11)\*;



specialised design activities (74.10)\*;



web portal activities (63.12)\*;



manufacture of electronic components (26.11)\*.

\* According to Classification of Activities in the Moldovan Economy (CAEM Rev.2)

# Success Stories & Industrial Competences





“Due to the difference in the cost of living, it’s currently more affordable to invest in Moldova than elsewhere in the EU. Moldova has a good strategic position, high qualified workforce, presents good opportunities on a broad market, and last but not least has available funding and a good forecast for the future.”

**EURO YARNS,**

Producers of synthetic yarns for carpet and tufting industry

“Ungheni and its free economic zone, where Lear Corporation Moldova is placed since 2010, confirmed itself as a well performing and competitive plant. The geographical position (30 km from EU border), the proximity to the European customer base and suppliers, as well as the dedicated labor force are the right ingredients for a success story. We see potential for further expansion of our business in Ungheni.”



**Jaime Osuna,**

VP of Trim Operations for Europe and Africa



“We decided to open a new production plant in Moldova for a good strategic position and a reasonable labor cost. Local and central Government authorities offered entire support in investment and business activity.”

**Gregorio Isgrò,**

Administrator at Confezioni Andrea MDV S.R.L.

“We came to Moldova and opened our clothing factory 24 years ago and we had a very positive experience. We found that people here are hardworking and loyal. 70% of our employees are women and most of them have been working here for over 20 years. Moldova proved to be a good location for our business.”



**Fausto Salami,**  
General Director

# INVEST MOLDOVA AGENCY



## THE ONE-STOP SHOP FOR ALL YOUR INVESTMENT QUESTIONS

### ASSISTANCE & INFORMATION



#### Provide

- Information on the investment climate
- Sector-specific information
- Consulting on suitable locations – FEZ, IP (Invest Moldova Agency database)
- Information on relevant tax, legal and administrative issues



#### Assist

- Scoping missions (agenda, logistics, follow up)
- Investment incentive application
- Information on business providers - HR, Legal, Consulting, etc.



#### Connect

- With relevant partners:
- Embassies
  - Government authorities
  - Business associations
  - Existing investors

### INVESTMENT ATTRACTION & PROMOTION ACTIVITIES

G2B and B2B Missions abroad

International events- promotion of the investment climate of the Republic of Moldova

Moldova Business Week

### AFTERCARE

#### Platforms for Investors

Council for the promotion of projects of national importance, chaired by Prime Minister

Economic Council to the Prime Minister of the Republic of Moldova

- 41 associative structures of the business community
- 43 state institutions
- 16 representatives of the scientific and research community
- 6 Working groups:

Eliminating constraints in entrepreneurial activity: Coordinator - American Chamber of Commerce (AMCHAM)

Facilitation of trans-border trade: Coordinator - European Business Association (EBA)

Stimulation and retention of private investments : Coordinator - Foreign Investors Association (FIA)



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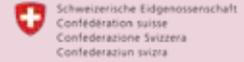
Invest Moldova Agency is the prime source of information and assistance for potential investors.

We provide tailored services for potential investors throughout the investment decision process. We also support existing investors in extending their operations.

Our team consists of permanent investment attraction staff, sectorial consultants, as well as regional officers. Combining our experience, we are able to provide you with information relevant for your decision making, as well as links to businesses and government.



## In close cooperation with, and supported by:



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Швейцарское управление по развитию и сотрудничеству

