

Economic Council
to the Prime Minister

April 2019

Quarter Info Bulletin

The Economic Council Secretariat has made the survey totals, launched on January 2019 for its members. More than 70% of the EC members participated in the survey.



THE SURVEY WAS ADDRESSED

TO THE MEMBERS OF THE ECONOMIC COUNCIL



Limitations related to food served at PECO stations

Until now, only packaged products could be marketed in PECO stations. Now, PECO stations that meet all legal requirements will allow food preparation or catering



International markets

Moldova has taken a step towards international markets



Art.111- Labor Code

The effects on the business environment and the state budget, derived from the recent amendments to Art.111 of the Labor Code



Moldova has taken a step towards international markets

On March 7, 2019 Government approved the Decision on quality requirements for milk and dairy products. It is a document aimed in harmonizing the national legislation with the Community legislation, thus providing a normative basis allowing the national producer to comply with unique international standards that will ensure access to international markets. Some Moldovan factories already produce dairy products that comply with these unique international standards, but in the absence of a regulatory basis that complies with Community standards, the process of assessing and monitoring the safety and quality of the product cannot be started. Now, the state has to ensure the work of the national laboratory – the Republican Diagnostic Veterinary Center under ANSA – which can confirm whether Moldovan dairy products are in line with



international standards. And based on these analyzes, international institutions such as the European Commission's Directorate-General for Health and Food Safety (DG Sante) can decide whether our products can adhere to foreign markets.

In 2018, this subject was addressed by the Economic Council, which ensured a communication between the business community and public authorities for a better understanding of the importance of the document by all actors in the field, allowing more intense promotion of a project.

LIMITATIONS RELATED TO FOOD SERVED AT PECO STATIONS



Until now, only packaged products could be marketed in PECO stations.

The new provision of the Health Regulations on the protection of the health of the population and employees against the risks associated with the operation

of the filling stations for petroleum products came into force at 18 January 2019. Until now, only packaged products could be marketed in PECO stations. Now, PECO stations that meet all legal requirements will allow food preparation or catering. This is a common practice in EU countries (Germany, Austria, Poland, Slovakia) as well as in neighbouring countries.

The purpose of the changes is to diversify the activity of economic agents, to stimulate the creation of new jobs, to increase allocations to the state budget, and to meet the needs of consumers and gas station employees.

Initiation of procedures for amending point 6 of the Regulation approved by Government Decision no. 606/2015 was previously requested by the business associations – members of the Economic Council. The changes were adjusted and promoted by the Ministry of Economy and Infrastructure.



THE EFFECTS ON THE BUSINESS ENVIRONMENT AND THE STATE BUDGET, DERIVED FROM THE RECENT AMENDMENTS TO ART.111 OF THE LABOR CODE (ON REMUNERATION FOR NON-WORKING HOLIDAYS).

The perception and treatment of new legal provisions by the business environment indicate that entrepreneurs should pay extra to employees with monthly salary all non-working days provided in art. 111 of the Labor Code, which will create a pressure on the financial situation of the employers. In the address to the Prime Minister. The National Confederation of Employers of Moldova (NCEM) asks the Government: either to introduce a moratorium on the application of the amendments to Article 111 of the Labor Code, or to amend this article by assuming responsibility from the Government. The Economic Council Secretariat (ECS) considers that, from the perspective of the current legal framework, the requests of the (NCEM) can not be satisfied. The ECS has organized a meeting with (NCEM) on this issue. As a result of the examination of the problem, as well as of the Confederation's proposals, the analytical note and the Prime Minister indication to the relevant institutions were elaborated and submitted to the PM. The ECS note was accepted by the PM. On January, 17th, 2019, Prime Minister indication issued. ECS submitted the analytical note to the Ministry

of Finance (MF) and Ministry of Health, Labor and Social Protection (MHLSP) for opinion and called a meeting on this issue for January, 25nd, 2019. The ECS held a technical meeting with the participation of representatives of the State Chancellery (SC), the Ministry of Finance (MF), the Ministry of Health, Labor and Social Protection and the National Confederation of Employers of the Republic of Moldova to develop a common vision on the issue; - following this, the draft of amendment to the Labor Code was agreed by the MF, MHLSP and SC, in accordance with the Constitutional Court's interpretations. Draft was debated and agreed including within the EC, but was not promoted by authorities. (election period). The measures taken by the authorities until the moment are not effective, and did not bring clarity in the application of the provisions of the art, 111. The ECS prepared another note and submitted it to the PM. On March, 7, 2019, MHLSP presented the amendments to the Code to the Government, which approved it by the procedure of assuming responsibility (excluding adoption procedure in the Parliament).



Business constraints caused by anti-money laundering legislation

In the framework of the implementation of Law 308 on preventing and combating money laundering and terrorism financing, which entered into force in February 2018, business operators can no longer register the business or make changes to the founding documents unless they provide information about the beneficial owners of the company. According to the law, when registering economic agents and making changes to the incorporation documents, Public Services Agency (PSA), requires investors to provide information about the beneficial owners of the legal person, such as the founders, shareholders or individuals who ultimately manage legal entities. Additionally, legal entities are to inform PSA about the changes that occur to the beneficial owners. This sometimes was impossible for Moldovan companies, which are transnational companies, whose shares are listed on international stock exchanges. Since shares are freely traded on stock exchanges, they often change their owners, and this makes it impossible to keep

track of the beneficial owners of the legal entity. Additionally, art. 5, par. 15 of the Law provides that where all possible means of identifying the beneficial owners have been exhausted and provided that there are no grounds for suspicion, the individual acting as administrator shall be deemed to be the beneficial owner. Submission of a statement that the manager is the beneficiary of the company was vehemently rejected by investors as company administrators are not company shareholders but employees and can not assume the responsibility of a beneficial owner in their dealings with national authorities. The topic came to the attention of the Economic Council as a result of the requests of the European Business Association. Procedures prepared for the implementation of Law 308 affected the activity of many foreign investors and could discourage the entry of new investors. In the framework of the Economic Council platform, meetings were held with stakeholders and relevant state institutions, and solutions were jointly identified to change the registration and change procedures for registration documents. Thus, if the beneficial owners can not be determined, the organization declares this, and the administrator is considered to be the beneficial owner, without the need for a statement to that effect from the economic operator. The solution has been implemented and the impediments have been overcome.



OSCE ECONOMIC AND ENVIRONMENTAL COMMITTEE



EXPERIENCES AND BEST PRACTICES



- Experiences and best practices on national policies in the area of “Strengthening Good Governance and Promoting Connectivity” was shared by the Expert of the Economic Council Secretariat, Diana Levenco in Vienna at the OSCE Economic and Environmental Committee. The expert of the Secretariat of the Economic Council spoke about the way in which the platform worked in the area of strengthening dialogue and co-operation

between relevant government authorities and the private sector and its function of the National Committee for Trade Facilitation (NCTF), delegated to the Council for the purpose of implementing the commitments undertaken by our country as part of the Protocol amending the Marrakech Agreement establishing the World Trade Organization. NCTF is mandated to discuss and develop solutions for external trade related issues, which involve a number of public authorities

and need a systematic approach. The Economic and Environmental Committee is a subsidiary body of the OSCE Permanent Council. The Committee meets on a regular basis and brings together representatives of the 57 OSCE participating States to discuss key issues of common concern and to provide guidance to the work and activities in the OSCE's Economic and Environmental Dimension.

The perception of the members of the Economic Council over the platform

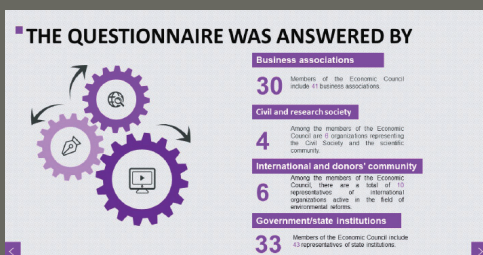
According to the opinion poll conducted by the Economic Council Secretariat the platform plays an important role in promoting economic reforms and has to continue in the forth coming period.



THE SURVEY WAS ADDRESSED

TO THE MEMBERS OF THE ECONOMIC COUNCIL

In the survey participated 73 of the 100 members of the Economic Council. The poll was conducted in the January 2019.



The questionnaire, which is conducted twice a year, also shows that respondents perceive the Economic Council as a platform that assures the involvement of all its members. 99 percent of the respondents believe that everyone's voice is heard within the Economic Council, compared with 94 percent as they were six months ago.

According to the same poll, the platform only initiatives that correspond to the interests of business associations, good international practices and are supported by the international community.

Increased the percentage of those who consider that intervention of the Economic Council in certain areas led to improving the business environment activity. This time, 97 percent of

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